



INFORMATION MEMORANDUM

TO SHAREHOLDERS

including

NOTICE OF GENERAL MEETING

EXPLANATORY STATEMENT

INDEPENDENT EXPERT'S REPORT

Date and Time of Meeting: 4:00 pm (Perth time)
on Thursday, 17 March 2016

Place of Meeting: Queste Communications Ltd
Level 2
23 Ventnor Avenue
West Perth, Western Australia

IMPORTANT INFORMATION

This Information Memorandum has been prepared for the purpose of providing shareholders with all the information known to the Company that is material to the shareholders' decision on how to vote on the proposed resolution at the General Meeting. Shareholders should read this Information Memorandum in full to make an informed decision regarding the resolution to be considered at this General Meeting.

This document is not an offer to buy back your shares. If Resolution 1 (Approve Equal-Access Scheme Share Buy-Back) is passed at the General Meeting, a separate Buy-Back Offer Document and Acceptance Form will be sent to all shareholders. Voting in favour of Resolution 1 does not mean you must sell your shares to the Company. Acceptance is voluntary under the Buy-Back Offer Document.

The conclusions of the Independent Expert (BDO Corporate Finance (WA) Pty Ltd) in the Independent Expert's Report are, inter alia, that:

- The position of shareholders if Resolution 1 is approved is more advantageous than the position if the resolution is not approved and accordingly, the Buy-Back is reasonable to Queste shareholders (in the absence of a superior buy-back proposal);
- The Buy-Back is fair and reasonable to the shareholders of Queste who do not participate in the Buy-Back; and
- The Buy-Back is not fair but reasonable to the shareholders of Queste who participate in the Buy-Back.

The Chairman of the General Meeting will vote open proxies received in favour of Resolution 1 considered at the General Meeting.

This Information Memorandum is dated 27 January 2016.

ENQUIRIES

If you have any questions regarding the matters set out in this Information Memorandum, please contact the Company or your professional advisers.



ASX Code: QUE

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A.B.N. 58 081 688 164

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NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of shareholders of Queste Communications Ltd A.B.N. 58 081 688 164 (**Queste** or the **Company**) will be held at Queste Communications Ltd, Level 2, 23 Ventnor Avenue, West Perth, Western Australia at **4:00 pm (Perth time) on Thursday, 17 March 2016**.

AGENDA

1. Resolution 1 – Approve Equal-Access Scheme Share Buy-Back

To consider, and if thought fit, to pass the following Resolution as an ordinary resolution:

“That, for the purposes of section 257C of the Corporations Act 2001 (Cth) and all other purposes, shareholders authorise and approve the Company undertaking an equal-access scheme off-market buy-back of up to 100% of the fully paid and partly paid ordinary shares in the Company (subject to the maximum cost of the buy-back being \$300,000 with a pro-rata scale-back if acceptances were to exceed that amount) at a buy-back price of:

- (a) 9 cents in respect of each fully paid ordinary share on issue; and*
- (b) 0.45 cent in respect of each partly paid ordinary share on issue,*

and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

DATED THIS 27th DAY OF JANUARY 2016

BY ORDER OF THE BOARD



**VICTOR HO
COMPANY SECRETARY**

NOTE:

Role of ASIC and ASX

A copy of this Information Memorandum has been lodged with ASIC and ASX. Neither ASIC nor ASX nor any of their respective officers takes any responsibility for the contents of the Information Memorandum.

EXPLANATORY STATEMENT

The information in this Explanatory Statement is provided to the shareholders of Queste Communications Ltd (**Queste** or **Company** or **QUE**) pursuant to and in satisfaction of the *Corporations Act 2001 (Cth)* (**Corporations Act**) and the Listing Rules of the Australian Securities Exchange (**ASX**). Shareholders should read this Information Memorandum in full to make an informed decision regarding the resolution considered at this General Meeting.

IMPORTANT INFORMATION

This Information Memorandum is not an offer to buy back your shares. If **Resolution 1** (Approve Equal-Access Scheme Share Buy-Back) is passed at the General Meeting, a separate Buy-Back Offer Document and Acceptance Form will be sent to all shareholders. Voting in favour of **Resolution 1** does not mean you must sell your shares to the Company. Acceptance is voluntary under the Buy-Back Offer Document.

ORDINARY RESOLUTION 1 – APPROVE EQUAL-ACCESS SCHEME SHARE BUY-BACK

1. Background and Reasons for the Buy-Back

At the Company's 2013 annual general meeting (**AGM**) held on 28 November 2013, shareholders approved an equal access scheme share buy-back of up to 100% of each shareholder's shares in the Company, subject to a maximum cost to the Company of \$330,000.¹ On 17 December 2013, a Share Buy-Back Offer Booklet² was despatched to eligible shareholders.

Under this buy-back (which closed on 21 January 2014):

- 587,563 fully paid ordinary shares were bought back for 10 cents per share, at a cost of \$58,757; and
- 10,000,000 partly-paid ordinary shares were bought back for 0.5 of a cent per share, at a cost of \$50,000,

with the total cost of the buy-back being \$108,757.

It was noted at this time that Queste may consider undertaking further/annual equal access scheme share buy-backs depending on the Company's financial position and the liquidity of trading in Queste shares on ASX shares at the relevant time.

There continues to be a lack of liquidity in trading of Queste shares, illustrated in the following summary table of rolling data on volumes and values on ASX (as at 8 January 2016):

	High	Low	Volume	Value (\$)	Date High	Date Low
Week Rolling			0	0		
Month Rolling	7	7	2,500	175	11-Dec-2015	11-Dec-2015
6 Month Rolling	8	7	220,000	15,695.5	23-Sep-2015	26-Aug-2015
Year Rolling	8	7	220,000	15,695.5	23-Sep-2015	26-Aug-2015

Source: IRESS Market Technology

Queste has reviewed the Company's financial position and the liquidity issue and proposes to conduct an equal access scheme off-market share buy-back (the **Buy-Back**) to operate as outlined in this Explanatory Statement.

The Board believes that it is in the best interests of shareholders for the proposed Buy-Back to be put to shareholders for approval and that it is appropriate to allow shareholders an opportunity to realise their investment in the Company in an otherwise relatively illiquid market for Queste shares at a price (in respect of the fully paid ordinary shares) at a premium to the current and recent Queste share price on ASX.

The Buy-Back will be open to all shareholders on an equal basis and participation by shareholders is entirely voluntary. It is also a cost-effective way for shareholders to dispose of their interests as there are no brokerage costs associated with the Buy-Back.

1 Refer [Information Memorandum](#) (including the Notice of Annual General Meeting, Explanatory Statement and Independent Expert's Report) dated 23 October 2013 and released on ASX on 30 October 2013 and [Results of 2013 Annual General Meeting](#) market announcement released on ASX on 28 November 2013

2 Refer [Share Buy-Back Offer Booklet dated 11 December 2013 and released on ASX on 17 December 2013](#)

As the Buy-Back price is set below the net tangible asset (**NTA**) backing of Queste, the NTA backing will increase post Buy-Back, which will benefit remaining shareholders or those shareholders that only determine to tender into the Buy-Back for a portion of their Queste shares.

Questa may also consider further undertaking regular/annual Equal Access Buy-Back Schemes depending on the evaluation of the success of this proposed Buy-Back, Questa's financial position and the liquidity of trading in Queste shares on ASX shares at the relevant time.

This Explanatory Statement is intended to give shareholders all information they would reasonably require to enable them to make a fully informed decision about how to vote on Resolution 1, as required by the Corporations Act. Shareholders will also be given an opportunity to ask questions about the Buy-Back at the General Meeting.

2. What is an Equal-Access Scheme Share Buy-Back?

The proposed Buy-Back is an Equal Access Scheme as defined in section 257B(2) of the Corporations Act. An Equal Access Scheme is a scheme under which a company seeks to buy back shares, with shareholders having an equal opportunity to participate in proportion to their holdings.

Under a buy-back a company buys back its own shares from its shareholders. Any shares bought-back are then cancelled, with the result that the total number of the company's shares on issue is reduced by the number of shares bought-back.

The Corporations Act allows a company to conduct an Equal Access Scheme under the following conditions:

- (a) the offers under the buy-back must relate only to ordinary shares;
- (b) the offers must be made to ordinary shareholders to buy back the same percentage of their ordinary shares;
- (c) all of those persons must have a reasonable opportunity to accept offers made to them;
- (d) buy-back agreements must not be entered into until a specified time for acceptances of offers has closed; and
- (e) the terms of the offers must be the same, although offers are permitted to have differences:
 - (i) in price, due to the fact that different shares have different amounts paid up on them; and
 - (ii) solely to ensure that each shareholder is left with a whole number of shares.

The proposed Buy-Back complies with these conditions.

The Company will make offers to shareholders through the mail, and not through the ASX. The Buy-Back is thus an "off-market" buy-back.

The Australian Securities and Investments Commission's (**ASIC**) Regulatory Guide on Share Buy-Backs³ states that a company may impose a cap on the amount that it is prepared to spend buying back shares and scale back shareholders' acceptances if the amount spent would otherwise exceed that cap. The Scale-Back condition complies with ASIC's interpretation of the Corporations Act.

3. Explanation of the Resolution

Before it can proceed, the proposed Buy-Back requires shareholder approval by way of an ordinary resolution. The resolution proposed (Resolution 1) is in the following terms:

"That, for the purposes of section 257C of the Corporations Act 2001 (Cth) and all other purposes, shareholders authorise and approve the Company undertaking an equal-access scheme off-market buy-back of up to 100% of the fully paid and partly paid ordinary shares in the Company (subject to the maximum cost of the buy-back being \$300,000, with a pro-rata scale-back if acceptances were to exceed that amount) at a buy-back price of:

(a) 9 cents in respect of each fully paid ordinary share on issue; and

(b) 0.45 cent in respect of each partly paid ordinary share on issue,

and otherwise on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

The Company's ability to enter into any agreement to buy back its own shares and the timetable for such a buy-back is governed by the Corporations Act and the ASX Listing Rules.

Section 257C(1) of the Corporations Act provides that an equal access scheme share buy-back which will result in more than 10% of a company's shares being bought back in a 12 month period must be approved by a resolution passed at a general meeting of the company.

3 [ASIC Regulatory Guide 110](#)

As shown below in Section 9 (Effect on Share Capital Structure) the maximum percentage of the Company's shares that could be bought-back may exceed 10% in certain Buy-Back acceptance scenarios. Accordingly, the Company has sought shareholders' approval for the Buy-Back via Resolution 1.

Resolution 1 must be passed by more than 50% of the votes cast on the resolution at the General Meeting.

By voting in favour of Resolution 1, shareholders will simply be authorising the Company to make the Buy-Back Offer to shareholders. If Resolution 1 is passed, each shareholder will still be completely unfettered in their decision to sell all, some or none of their shares to the Company in response to a Buy-Back Offer.

4. Overview of the Buy-Back

4.1. Buy-Back Summary

The proposed equal access scheme off-market share buy-back the subject of Resolution 1 will operate in the following manner (**Buy-Back**):

- (a) Subject to a maximum Buy-Back consideration of \$300,000 (**Buy-Back Cap**):
 - (i) Queste will offer to buy back 100% of the fully paid, ordinary shares in the Company of each shareholder at a price of 9 cents per share (**FPO Price**); and
 - (ii) Queste will offer to buy back 100% of the partly paid ordinary shares in the Company of the holder thereof at a price of 0.45 cent per share (**PPO Price**); and
- (b) If the value of Buy-Back acceptances were to exceed the Buy-Back Cap (\$300,000) Queste will scale back the number of shares to be bought back on a pro-rata basis (determined by reference to the value of the Buy-Back consideration in respect of acceptances received for fully paid and partly paid ordinary shares) (the **Scale-Back**).

4.2. Buy-Back Timetable

If shareholders approve the Buy-Back, the Company will send Buy-Back offers to all shareholders and process acceptances according to the indicative timetable and process below.

Event	Date ^A
General Meeting to approve Buy-Back	Thursday, 17 March 2016
Shares quoted on an ex-entitlement basis ^B	Tuesday, 22 March 2016
Record Date for determining entitlement to participate in Buy-Back ^C	Thursday, 24 March 2016
Despatch of Buy-Back Offer Document	Thursday, 31 March 2016
Offer Period opens	Wednesday, 6 April 2016
Offer Period closes	5:00pm (Perth time) Friday, 29 April 2016
Acceptances processed and any Scale-Back notice given	Tuesday, 3 May 2016
Buy-Back results announced on ASX	Wednesday, 4 May 2016
Bought-back shares cancelled	Wednesday, 4 May 2016
Proceeds sent to participating shareholders	Monday, 9 May 2016

Notes:

- (A) The Timetable is indicative only and is subject to change. Under ASX Listing Rule 3.20, the Company must give ASX five (5) business days' notice of a change to a proposed record date. The Company will also inform shareholders of any changes to the indicative timetable by an ASX announcement. In the event that Resolution 1 is passed, the Directors will endeavour to despatch the Offer Document as soon as practicable after the General Meeting.
- (B) Shares acquired on or after this date will not be registered in the new shareholder's name in time for the Buy-Back Record Date, so will not confer an entitlement to participate in the Buy-Back.
- (C) At this time the Company takes a "snapshot" of its share register to determine which shareholders, and for what number of shares, are entitled to participate in the Buy-Back.

4.3. Buy-Back Process

The broad terms of the Buy-Back are summarised in this Explanatory Statement. If Resolution 1 is passed, a separate Buy-Back Offer and Buy-Back Acceptance Form (the **Offer Document**) will be sent to all shareholders, which will contain further details on how to accept the Buy-Back Offer. Shareholders can therefore vote in favour of Resolution 1 at the General Meeting but do not have to accept the Buy-Back Offer.

On receipt of a Buy-Back Offer and Buy-Back Acceptance Form, shareholders will have two choices in relation to the Buy-Back:

- (a) sell all or some of their shares, by completing the Buy-Back Acceptance Form which will be attached to the Offer Document. The maximum number of shares shareholders can sell in the Buy-Back will be indicated in the Buy-Back Acceptance Form. Shareholders may choose to sell less than the maximum number;

or

- (b) do nothing. Participation in the Buy-Back is entirely voluntary. If shareholders do not participate in the Buy-Back, the number of shares held by them will not change. If there are acceptances by other shareholders into the Buy-Back Offer, their proportional interest in Queste will increase.

Shareholders will be given approximately 24 days (approximately 30 days after the proposed date of despatch of the Offer Booklet) to respond (**Offer Period**) (refer to the indicative Timetable in Section 4.2 above). Shareholders may amend or withdraw their acceptances within the Offer Period. Acceptances received after the Offer Period will not be valid. Acceptances may be submitted by facsimile, scanned and emailed as well as by mail or physical delivery to the Company's registered office or Share Registry.

Shareholders should not sell any shares for which they have accepted a Buy-Back Offer, unless they first withdraw or amend their acceptance accordingly and ensure that it is received by the Company before the end of the Offer Period.

4.4. Pro-Rata Scale-Back if Buy-Back Cap is Exceeded

If the total value of acceptances is within the Buy-Back Cap (\$300,000), the acceptances will be final. The Company will determine the amount due to each accepting shareholder and send out payments by cheque or direct credit (if this facility is available) at the shareholder's election.

If the total value of acceptances exceeds the Buy-Back Cap, the Company will conduct the Scale-Back - reducing the cost of fully paid and partly paid shares that will be bought-back from each participating shareholder by the same proportion, to bring the total cost down to the Buy-Back Cap (and hence reducing the number of fully paid and partly paid shares that will be bought-back). If a Scale-Back is required, the Company will announce this on ASX and notify each participating shareholder of the actual number of shares that will be bought-back from them.

The Company will then proceed to buy the shares for which acceptances have been received (subject to any Scale-Back). Shares bought-back will be cancelled immediately.

4.5. Which Shareholders Are Eligible?

All shareholders are eligible to participate, including:

- (a) shareholders who are not Australian residents; and
- (b) the holders of fully paid and partly paid ordinary shares.

There is no requirement under Australian law to exclude non-resident shareholders from participating in the Buy-Back. Non-resident shareholders' participation may be affected by the laws in their own countries – see Section 18 below.

5. Historical Prices and Trading Volumes of Queste Shares on ASX

The last sale price of Queste shares on the ASX prior to the date of this Notice was 7 cents on 11 December 2015.

A summary of the Queste share price and volume monthly trading history on ASX between January 2015 and January 2016 (to 8 January) are set out below:

Month Ending	Open (cents)	High (cents)	Low (cents)	Close (cents)	VWAP (cents)	Volume (shares)	Value (\$)	No. Transactions
31-Jan-15	-	-	-	-	-	0	0	0
28-Feb-15	-	-	-	-	-	0	0	0
31-Mar-15	-	-	-	-	-	0	0	0
30-Apr-15	-	-	-	-	-	0	0	0
31-May-15	-	-	-	-	-	0	0	0
30-Jun-15	-	-	-	-	-	0	0	0
31-Jul-15	-	-	-	-	-	0	0	0
31-Aug-15	0.07	0.07	0.07	0.07	0.0700	17500	1225	1
30-Sep-15	0.072	0.08	0.07	0.08	0.0737	80000	5896	4
31-Oct-15				0.08		0	0	0
30-Nov-15	0.07	0.07	0.07	0.07	0.0700	120000	8400	3
31-Dec-15	0.07	0.07	0.07	0.07	0.0700	2500	175	1
8-Jan-16	-	-	-	-	-	0	0	0

Source: IRESS Market Technology

The Buy-Back price for the fully paid shares of 9 cents per share (FPO Price) represents a premium (as at 8 January 2016) of:

- 28.6% on the last sale price of 7 cents on 11 December 2015;
- 28.6% on the last 3 month VWAP of 7 cents;
- 26.1% on the last 6 month VWAP of 7.1345 cents; and
- 26.1% on the 12 month VWAP of 7.1345 cents.

The Company's partly paid ordinary shares are not listed on ASX.

6. Advantages and Disadvantages to Shareholders

The Board believes that:

- It is in the best interests of shareholders for the proposed Buy-Back to be put to shareholders for approval.
- It is appropriate to allow shareholders an opportunity to realise their investment in the Company in an otherwise illiquid market for Queste shares at a price (in respect of the fully paid ordinary shares) at a premium to the current and recent Queste share price on ASX.
- It is a cost effective way for shareholders to dispose of their interests as there are no brokerage costs associated with the Buy-Back.
- As the Buy-Back will be open to all shareholders on an equal basis, participation by shareholders is entirely voluntary and the Buy-Back Offer will be in respect of up to 100% of each shareholders' shares in the Company, it allows shareholders to realise some funds by participating partially in the Buy-Back (subject to the operation of the Scale-Back if the Buy-Back Cap is exceeded) and retain an on-going exposure to the Company.
- As the Buy-Back price is set below the net tangible asset (NTA) backing of Queste, the NTA backing will increase post completion of the Buy-Back.
- The Buy-Back gives all shareholders the choice of whether or not to exit the Company or continue as shareholders. Other methods of realising value for the Company's shares, such as a liquidation, do not give this choice and all shareholders are compelled to participate in the liquidation process once it has commenced.
- The Buy-Back, as opposed to a voluntary liquidation and return of capital is a quicker, simpler and cheaper method of returning capital to shareholders. Shareholders who wish to exit the Company are also likely to receive their proceeds from the Buy-Back sooner than a distribution from a liquidator.

6.1. Advantages and Disadvantages if the Buy-Back Proceeds

If the Buy-Back proceeds, shareholders will have the option of either selling some or all of their shares or retaining them. Shareholders will benefit from the advantages, and bear the risks of the disadvantages, inherent in whichever of those options they choose, addressed below (in addition to the matters outlined in Section 6).

Shareholders who sell shares into the Buy-Back

ADVANTAGES	
For Holders of Fully Paid Ordinary Shares	For Holder of Partly Paid Ordinary Shares
The Buy-Back provides fully paid ordinary shareholders with the opportunity to realise their shares in a stock that is otherwise highly illiquid, at a premium to recent share prices on ASX (as outlined in Section 5).	The Buy-Back provides the partly paid shareholder with the opportunity to realise their shares, which are not listed on ASX, in the absence of a market through which these shares may be realised.
Shareholders selling into the Buy-Back will not have to pay brokerage, which they would ordinarily have to pay selling shares on market.	The holder of the partly paid shares will no longer have any potential liability in relation to the balance of the unpaid outstanding amount on these shares (currently 18.4775 cents per share).
DISADVANTAGES	
For Holders of Fully Paid Ordinary Shares	For Holder of Partly Paid Ordinary Shares
The Company will lose the ability to make calls on the holder of the partly paid shares (pursuant to the terms of the same) in respect of the unpaid outstanding amount on these shares (currently 18.4775 cents per share).	N/A
Shareholders will not benefit from the expected increase in the Company's NTA backing per share that will occur post completion of the Buy-Back (subject to there being acceptances received under the Buy-Back Offer).	
Shareholders will forego the benefits available from retaining shares, detailed in the next Section.	

Not all shareholders will, of course, have the opportunity to sell all their shares. If the Company receives total acceptances which would require it to spend more than \$300,000 on the Buy-Back, acceptances will be scaled back to ensure this Buy-Back Cap is not exceeded. Nevertheless, many shareholders may be able to sell all, or a major portion, of their Queste shares if they wish to do so. Refer Section 9 for details of changes to the share capital structure of the Company under various acceptance scenarios under the Buy-Back (including as between fully paid and partly paid shares).

Shareholders who do not participate under the Buy-Back and retain their shares

ADVANTAGES	
For Holders of Fully Paid Ordinary Shares	For Holder of Partly Paid Ordinary Shares
Shareholders will benefit from the expected increase in the Company's NTA backing per share that will occur post completion of the Buy-Back (subject to there being acceptances received under the Buy-Back Offer). Refer Section 10.3 for details of changes to the Company's NTA backing per share under various acceptance scenarios under the Buy-Back. For example, the Company's post tax consolidated NTA backing per share was \$0.1898 as at 30 November 2015. This may increase to \$0.2023, an increase of 6.58%, in two scenarios detailed in Section 10.3.	
Shareholders may consider that there is an advantage in retaining their shares in the expectation of the Company's share price increasing in future as a consequence of the increase in the NTA backing per share or generally or the Company being wound up with net assets being distributed to shareholders (with potential entitlements under the same being greater than the FPO Price). There is, however, no guarantee that these scenarios will occur.	
The Company will maintain its ability to make calls on the holder of the partly paid shares (pursuant to the terms of the same) in respect of the unpaid outstanding amount on these shares (currently 18.4775 cents per share).	N/A

DISADVANTAGES	
For Holders of Fully Paid Ordinary Shares	For Holder of Partly Paid Ordinary Shares
N/A	The holder of the partly paid shares continue to have any potential liability in relation to the balance of the unpaid outstanding amount on these shares (currently 18.4775 cents per share).
Shareholders who retain their shares will of course forego the benefits available from selling shares, detailed in the previous Section.	
The Company's cash holdings will be reduced by the amount expended on the Buy-Back. The Directors consider, however, that this will not negatively impact the Company's ability to conduct its operations.	

In addition to the foregoing, shareholders should refer to sections 12.2 and 12.3 of the IER included in the Information Memorandum which outlines the advantages and disadvantages of approving the Buy-Back proposal for participating and non-participating shareholders.

Shareholders who participate in part

Some shareholders may wish to re-balance their holding of Queste shares by realising some of their investment, while also maintaining some exposure to the Company post completion of the Buy-Back. This will enable them to derive a combination of the benefits and be exposed to a combination of the matters referred to in the above tables.

6.2. Advantages and Disadvantages if the Buy-Back does not Proceed

The main advantage of the Buy-Back not proceeding is that the Company will retain the cash that would otherwise be expended on the Buy-Back. The Directors consider, however, that this expenditure will not negatively impact the Company's ability to conduct its operations.

The disadvantage to shareholders if the Buy-Back does not proceed is to forego the advantages that would flow if the Buy-Back proceeds, detailed in Section 6.1.

7. Independent Expert's Report

The Company is not required by law to obtain an independent expert's report (**IER**) on the proposed Buy-Back. ASIC policy recommends obtaining an IER (on the issue of valuation) however and the Directors considered it appropriate to do so to enable shareholders to make a fully informed decision.

The Directors have commissioned BDO Corporate Finance (WA) Pty Ltd (**BDO** or the **Independent Expert**) to prepare an IER on the Buy-Back, which accompanies the Notice of General Meeting and Explanatory Statement in the Information Memorandum.

The conclusions in the IER are that:

- The position of shareholders if Resolution 1 is approved is more advantageous than the position if the resolution is not approved and accordingly, the Buy-Back is reasonable to shareholders (in the absence of a superior buy-back proposal) (refer section 2.6 of the IER);
- The Buy-Back is fair and reasonable to the shareholders of Queste who do not participate in the Buy-Back (refer Sections 2.3 and 13 of the IER);
- The Buy-Back is not fair but reasonable to the shareholders of Queste who participate in the Buy-Back (refer Sections 2.3 and 13 of the IER);
- The value of the Company's fully paid ordinary shares is within the range of \$0.1568 to \$0.1695 per share, with a preferred valuation of \$0.1632 per share (refer sections 2.4 and 9.3 of the IER);
- The value of the Company's partly paid ordinary shares is within the range of \$0.0413 to \$0.0430 per share, with a preferred valuation of \$0.0421 per share (refer sections 2.5 and 9.4 of the IER);
- The Buy-Back is fair for fully paid ordinary shareholders who do not participate and conversely is not fair but is reasonable for fully paid ordinary shareholders who participate under the Buy-Back (refer sections 2.4, 11 and 13 of the IER); and
- The Buy-Back is fair for the partly paid shareholder if it does not participate and conversely is not fair but is reasonable for the partly paid shareholder if it does participate under the Buy-Back (refer sections 2.5, 11 and 13 of the IER).

In assessing whether or not the Buy-Back is "reasonable" for shareholders, BDO has considered the impact of the Buy-Back on participating and non-participating shareholders separately. The advantages and disadvantages for participating and non-participating shareholders considered by BDO are summarised in section 2.6 and further described in section 12 of the IER.

The IER is included within the Information Memorandum.

8. Source of Funds

The maximum amount of cash required to fund the Buy-Back is \$300,000 (the Buy-Back Cap).

The Buy-Back will be funded from the Company's existing cash reserves and liquid investments.

The Company holds the following listed share investments and an investment in an unlisted managed fund (which is redeemable at call), as at 31 December 2015⁴:

	No Shares/Units	Last Bid Price	Market Value
Shares in Orion Equities Limited (ASX:OEO)	9,367,653	\$0.16	\$1,498,824
Shares in Bentley Capital Limited (ASX:BEL)	1,740,625	\$0.14	\$243,688
Other ASX-listed shares	various	various	\$6,864
Units in unlisted managed fund	161,767	\$1.771	\$286,489
TOTAL			\$2,035,865.00

These investments are regarded as liquid assets to supplement the Company's cash reserves of \$0.257 million (as at 31 December 2015)⁴.

Refer to Section 10 for further information about the financial effect of the Buy-Back.

9. Effect on Share Capital Structure

9.1. Existing Share Capital

As at the date of this Information Memorandum, the Company has the following securities on issue:

- 29,717,316 listed fully paid ordinary shares; and
- 8,100,000 unlisted partly paid ordinary shares⁵, each paid to 1.5225 cents with 18.4775 cents per partly paid ordinary share outstanding (representing the equivalent of 616,613 voting shares⁶),

making a total of 30,333,929 voting shares on issue.

If Resolution 1 is approved and Buy-Back Offers are accepted, all of the fully and partly paid ordinary shares that are bought back will be cancelled, and accordingly the Buy-Back will reduce the total number of fully and partly paid ordinary shares on issue.

It is not possible to determine exactly how many fully paid and partly paid ordinary shares will remain on issue after the Buy-Back, because of the potential for different acceptance levels by the fully paid and partly paid ordinary shareholders.

The Company's post Buy-Back share capital structure under 4 different potential scenarios (based on participation by fully and partly paid shareholders up to the Buy-Back Cap, where applicable) is set out below.

9.2. Post Buy-Back Scenario 1 - All Shareholders Participate to the Maximum Extent

If all shareholders sought to accept under the Buy-Back Offer for all their shares then, after the Scale-Back, the effect on the share capital structure of the Company is as shown in the Table below:

Share Capital	No. Pre Buy-Back	Buy-Back Cost ⁴	Shares Bought-Back ⁴	No. Post Buy-Back	Change %
Fully paid shares (FPS)	29,717,316	\$295,966	3,288,511	26,428,805	-11.07%
Partly paid shares (PPS)	8,100,000	\$4,034	896,444	7,203,556	-11.07%
Fully paid equivalent of PPS ¹	616,613			548,371	-11.07%
Total equivalent FPS²	30,333,929			26,977,176	-11.07%
Total diluted shares³	37,817,316			33,632,361	-11.07%

(1) Partly paid ordinary shares are treated as equivalent to fully paid shares to the extent that they have been paid up - 1.5225 cents per share, representing 7.61% of their \$0.20 issue price.

(2) The total of the fully paid shares and the fully paid equivalents represented by the partly paid shares.

(3) Assumes the partly paid shares have been fully paid up, thus constituting fully paid shares

(4) After Scale-Back.

4 Refer QUE's [December 2015 Monthly Cash Flow Report](#) dated 11 January 2016

5 The terms of issue of the partly paid shares are disclosed in the Prospectus for the initial public offering of shares in the Company dated 6 August 1998 and also more recently, in the Company's [Share Buy-Back Offer Booklet](#) dated 11 December 2013 and released on ASX on 17 December 2013.

6 Each partly paid share is treated for voting purposes as being a proportion of a fully paid share, equal to the proportion to which it has been paid up - 1.5225 cents per share, representing 7.61% of the \$0.20 issue price

9.3. Post Buy-Back Scenario 2 - Only Fully Paid Shareholders Participate to the Maximum Extent

If only fully paid shareholders sought to accept under the Buy-Back Offer for all their shares and the partly paid shareholder does not participate, after the Scale-Back, the effect on the share capital structure of the Company is as shown in the Table below:

Share Capital	No. Pre Buy-Back	Buy-Back Cost	Shares Bought-Back	No. Post Buy-Back	Change %
Fully paid shares (FPS)	29,717,316	\$300,000	3,333,333	26,383,983	-11.22%
Partly paid shares (PPS)	8,100,000	Nil	Nil	8,100,000	0.00%
Fully paid equivalent of PPS ¹	616,613			616,613	0.00%
Total equivalent FPS²	30,333,929			27,000,596	-10.99%
Total diluted shares³	37,817,316			34,483,983	-8.81%

(1)-(3) These notes are the same as notes (1) - (3) for the Table in Section 9.2.

9.4. Post Buy-Back Scenario 3 - Only the Partly Paid Shareholder Participates to the Maximum Extent

If only the partly paid shareholder sought to accept under the Buy-Back Offer for all of its shares and the fully paid shareholders did not participate, after the Scale-Back, the effect on the share capital structure of the Company is as shown in the Table below:

Share Capital	No. Pre Buy-Back	Buy-Back Cost	Shares Bought-Back	No. Post Buy-Back	Change %
Fully paid shares (FPS)	29,717,316	Nil	Nil	29,717,316	0.00%
Partly paid shares (PPS)	8,100,000	\$36,450	8,100,000	-	-100.00%
Fully paid equivalent of PPS ¹	616,613			-	-100.00%
Total equivalent FPS²	30,333,929			29,717,316	-2.03%
Total diluted shares³	37,817,316			29,717,316	-21.42%

(1)-(3) These notes are the same as notes (1) -(3) for the Table in Section 9.2.

9.5. Post Buy-Back Scenario 4 –Participation by Fully and Partly Paid Shareholders to 50% Extent

If all fully and partly paid shareholders sought to accept under the Buy-Back Offer in respect of half of their shares, after the Scale-Back, the effect on the share capital structure of the Company is as shown in the Table below:

Share Capital	No. Pre Buy-Back	Buy-Back Cost ⁴	Shares Bought-Back ⁴	No. Post Buy-Back	Change %
Fully paid shares (FPS)	29,717,316	\$295,966	3,288,511	26,428,805	-11.07%
Partly paid shares (PPS)	8,100,000	\$4,034	896,444	7,203,556	-11.07%
Fully paid equivalent of PPS ¹	616,613			548,371	-11.07%
Total equivalent FPS²	30,333,929			26,977,176	-11.07%
Total diluted shares³	37,817,316			33,632,361	-11.07%

(1)-(4) These notes are the same as notes (1) -(4) for the Table in Section 9.2.

10. Financial Effect of Buy-Back

As at 31 December 2015, Queste had cash of approximately \$0.257 million and held the following investments (referred to also in Section 8 above) ⁷:

	No Shares/Units	% Interest	Market Value
Shares in Orion Equities Limited (ASX:OEO)	9,367,653	59.86 %	\$1,498,824
Shares in Bentley Capital Limited (ASX:BEL)	1,740,625	2.38 %	\$243,688
Other ASX-listed shares	various	various	\$6,864
Units in unlisted managed fund	161,767	N/A	\$286,489
TOTAL			\$2,035,865.00

7 Refer QUE's [December 2015 Monthly Cash Flow Report](#) dated 11 January 2016

Queste controls ASX-listed investment company, Orion Equities Limited (**Orion**), which had net tangible assets (**NTA**) of \$8.496 million as at 31 December 2015 (or \$0.543 per Orion share)⁸. As such, Queste's investment in Orion has a value of \$5.086 million based on Orion's NTA backing.

Having regard to the above matters and the Company's current, anticipated and contingent financial requirements, the Directors have assessed that the Buy-Back will not adversely impact the rights of the Company's creditors or the ability of the Company to pay its debts as and when they fall due.

10.1. Effect on Financial Position

The following table sets out the Queste Consolidated Statement of Financial Position as at 30 November 2015 (unaudited) and a post completion of Buy-Back Pro Forma Consolidated Statement of Financial Position, assuming Queste buys back shares up to the maximum Buy-Back Cap as at that date.

Pro Forma Consolidated Statements of Financial Position as at 30 November 2015

	30 Nov 2015	Buy-Back Effects	Pro Forma 30 Nov 2015
	\$	\$	\$
Current Assets			
Cash and cash equivalents	482,817	(300,000)	182,817
Financial assets at fair value through profit or loss	1,138,968		1,138,968
Trade and other receivables	13,341		13,341
Other current assets	23,533		23,533
Total Current Assets	1,658,658	(300,000)	1,358,658
Non-Current Assets			
Trade and other receivables	57,120		57,120
Property held for development or resale	1,350,000		1,350,000
Investment in Associate entity	4,311,991		4,311,991
Property, plant and equipment	1,990,677		1,990,677
Olive trees	65,500		65,500
Deferred tax asset	197,408		197,408
Total Non-Current Assets	7,972,696	-	7,972,696
TOTAL ASSETS	9,631,354	(300,000)	9,331,354
Current Liabilities			
Trade and other payables	159,200		159,200
Provisions	113,627		113,627
Total Current Liabilities	272,827	-	272,827
Non-Current Liabilities			
Deferred tax liability	197,408		197,408
Total Non-Current Liabilities	197,408	-	197,408
TOTAL LIABILITIES	470,235	-	470,235
NET ASSETS	9,161,119	(300,000)	8,861,119
Equity			
Issued capital	6,434,743	(300,000)	6,134,743
Reserves	3,256,982		3,256,982
Accumulated losses	(3,933,526)		(3,933,526)
Parent Interest	5,758,199	(300,000)	5,458,199
Non-controlling interest	3,402,921		3,402,921
TOTAL EQUITY	9,161,120	(300,000)	8,861,120

The above Consolidated Statements of Financial Position have been prepared on the following basis:

- (a) The starting position is derived from unaudited management accounts for the financial period ending 30 November 2015 with the following adjustment:
 - (i) \$166,298 has been added to Cash – this is attributable to an amount received on 10 December 2015 pursuant to a call made by the Company in respect of the Company's partly paid ordinary shares⁹;
- (b) Reflecting the position if the full amount of the Buy-Back Cap (\$300,000) had been expended on buying back shares on 30 November 2015 (as adjusted above); and
- (c) In accordance with the measurement and recognition requirements of applicable Australian Accounting Standards and the Company's accounting policies (as reported in the Company's [2015 Annual Report](#)).

The above Consolidated Statements of Financial Position are presented in abbreviated form as a guide and does not contain all the disclosures that are usually provided in a financial report prepared in accordance with Australian Accounting Standards and the Corporations Act. The Pro Forma Consolidated Statement of Financial Position does not constitute a representation of the future financial position or prospects of the Queste group.

Further information about Queste's business, financial position and prospects is contained in the [2015 Annual Report](#) and other Company announcements and reports (including monthly and quarterly cashflow reports) which may be viewed and downloaded from the Company's website: www.queste.com.au or the ASX website (www.asx.com.au) under ASX Code: QUE or emailed to shareholders upon request to info@queste.com.au.

10.2. Effect on Net Tangible Assets (NTA)

While the Company's NTA will reduce (as an absolute amount) on completion of the Buy-Back, the number of shares on issue will reduce by a proportionately larger amount, as the price being offered for the shares is below the NTA backing per share. This will result in an increase in the NTA backing per share post completion of the Buy-Back.

The table below shows the Company's undiluted and diluted NTA as at 30 November 2015 (as adjusted, detailed in Section 10.1) under 4 different Buy-Back acceptance scenarios, based on participation by fully and partly paid shareholders up to the Buy-Back Cap.

	Pre Buy-Back	Post Buy-Back			
		Scenario 1 (all shareholders participate)	Scenario 2 (only fully paid shareholders participate)	Scenario 3 (only partly paid shareholder participates)	Scenario 4 (50% participation by fully and partly paid shareholders)
Undiluted NTA¹	\$5,758,199	\$5,458,199	\$5,458,199	\$5,721,749	\$5,458,199
Partly paid shares	8,100,000	7,203,556	8,100,000	-	7,203,556
Outstanding call on partly paid shares²	\$1,496,678	\$1,331,037	\$1,496,678	\$-	\$1,331,037
Diluted NTA²	\$7,254,877	\$6,789,236	\$6,954,877	\$5,721,749	\$6,789,236

- (1) Having regard only to the parent interest, which excludes the non-controlling interest, as at 30 November 2015 (refer Section 10.1).
- (2) Being 18.4775 cents per partly paid share.
- (3) Assumes the partly paid shares have been fully paid up, thus constituting fully paid shares.

The undiluted post Buy-Back NTA reduction is due solely to the Buy-Back Cap of \$300,000 being expended on buying back shares (save that under Scenario 3, only \$36,450 has been expended as only the partly paid shareholder, and no fully paid shareholder, is assumed to have accepted under the Buy-Back).

The diluted post Buy-Back NTA position takes into account the amount expended on the Buy-Back plus receipt of the outstanding call on the partly paid shares, which number will alter under each of the 4 Buy-Back acceptance scenarios.

10.3. Effect on NTA Backing per Share

Section 9 above shows 4 different share capital structure scenarios for potential reductions in the number of the Company's shares on issue post Buy-Back (based on participation by fully and partly paid shareholders up to the Buy-Back Cap, where applicable).

The tables below show the effects on the Company's NTA per share in each of those 4 scenarios (as at 30 November 2015 and assuming the Buy-Back occurred as at that date and was fully taken up, where applicable).

9 Refer QUE's [Appendix 3B Application for Quotation of Shares](#) dated 11 December 2015

Scenario 1 - All shareholders participate (to the maximum extent)

Share Capital	Pre Buy-Back		Post Buy-Back		
	No.	NTA/share	No. ¹	NTA/share	Increase
Fully paid shares (FPS)	29,717,316		26,428,805		
Partly paid shares (PPS)	8,100,000		7,203,556		
Fully paid equivalent of PPS ²	616,613		548,371		
Total equivalent FPS ³	30,333,929	\$0.1898	26,977,176	\$0.2023	6.58%
Total diluted shares ⁴	37,817,316	\$0.1918	33,632,361	\$0.2019	5.23%

- (1) The method of determining the post Buy-Back share capital structure is shown in Section 9, above.
- (2) Partly paid ordinary shares are treated as equivalent to fully paid shares to the extent that they have been paid up - 1.5225 cent per share, representing 7.61% of their \$0.20 issue price.
- (3) The total of the fully paid shares and the fully paid equivalent of the partly paid shares.
- (4) Assumes the partly paid shares have been fully paid up thus constituting fully paid shares.

Scenario 2 - Only fully paid shareholders participate (to the maximum extent)

Share Capital	Pre Buy-Back		Post Buy-Back		
	No.	NTA/share	No. ¹	NTA/share	Increase
Fully paid shares (FPS)	29,717,316		26,383,983		
Partly paid shares (PPS)	8,100,000		8,100,000		
Fully paid equivalent of PPS ²	616,613		616,613		
Total equivalent FPS ³	30,333,929	\$0.1898	27,000,596	\$0.2022	6.49%
Total diluted shares ⁴	37,817,316	\$0.1918	34,483,983	\$0.2017	5.13%

Notes (1)-(4) These notes are the same as for the previous Table.

Scenario 3 - Only the partly paid shareholder participates (to the maximum extent)

Share Capital	Pre Buy-Back		Post Buy-Back		
	No.	NTA/share	No. ¹	NTA/share	Increase
Fully paid shares (FPS)	29,717,316		29,717,316	\$0.1925	1.43%
Partly paid shares (PPS)	8,100,000				
Fully paid equivalent of PPS ²	616,613				
Total equivalent FPS ³	30,333,929	\$0.1898			
Total diluted shares ⁴	37,817,316	\$0.1918			

Notes (1)-(4) These notes are the same as for the previous Table.

Scenario 4 - 50% participation by fully and partly paid shareholders

Share Capital	Pre Buy-Back		Post Buy-Back		
	No.	NTA/share	No. ¹	NTA/share	Increase
Fully paid shares (FPS)	29,717,316		26,428,805		
Partly paid shares (PPS)	8,100,000		7,203,556		
Fully paid equivalent of PPS ²	616,613		548,371		
Total equivalent FPS ³	30,333,929	\$0.1898	26,977,176	\$0.2023	6.58%
Total diluted shares ⁴	37,817,316	\$0.1918	33,632,361	\$0.2019	5.23%

Notes (1)-(4) These notes are the same as for the previous Table.

10.4. Effect on Earnings per Share

The Company's consolidated basic earnings per share for the financial period ended 30 November 2015 (as adjusted, detailed in Section 10.1) was 0.42 cents per share. Under Accounting Standard AASB 133 - *Earnings Per Share*, potential ordinary shares such as partly paid shares are only treated as dilutive when their conversion into ordinary shares would increase the earnings (or loss) per share. Earnings per share was not calculated on a diluted basis, as it would not have resulted in an increased earnings per share.

If it is assumed that the Buy-Back was conducted on 1 July 2015 (at the start of the current financial period), the Company's earnings per share would have been greater, as a result of the lower number of shares on issue post Buy-Back. The actual post Buy-Back earnings per share would depend on the extent to which the fully paid and partly paid shareholders participate in the Buy-Back.

Expenditure on buying back the shares will not reduce the Company's net profit, as that outlay is on capital account.

11. Effect on Control of the Company

The Company's shareholders with beneficial interests of 5% or above, according to substantial shareholder notices filed by them, are set out in the table below, along with their pre-Buy-Back shareholdings and voting power in the Company (as at 8 January 2016).

If these major shareholders participate in the Buy-Back pro-rata to other shareholders (with a Scale-Back to the Buy-Back Cap), their voting power in the Company will not change post Buy-Back.

The major shareholders' voting power in the Company post Buy-Back will only increase where they have elected not to participate under the Buy-Back and other shareholders have, thereby resulting in a dilution of the Company's shares and an increase in their voting power post Buy-Back.

The table below shows these major shareholders' post Buy-Back shareholdings and voting power in the Company under Scenario 2 (where only fully paid shareholders participate under the Buy-Back to the maximum extent and with a Scale-Back to the Buy-Back Cap, resulting in 3,333,333 fully paid ordinary shares being bought-back – refer Section 9.3) and where it is assumed that each of these major shareholders have not accepted into the Buy-Back.

Substantial Shareholders	Registered Shareholder	PRE BUY-BACK				POST BUY-BACK		CHANGE
		Fully Paid Shares Held	Partly Paid Shares Held	Voting Shares Held	% Voting Power ^{6,7}	% Voting Power Under Scenario 2 (with no participation)		
BELL IXL INVESTMENTS LIMITED AND ASSOCIATES ¹	Bell IXL Investments Limited	2,599,747	-	2,599,747	24.40%	9.63%	27.41%	3.01%
	Cellante Securities Pty Limited	2,053,282	-	2,053,282		7.60%		
	Cleod Pty Ltd	2,748,490	-	2,748,490		10.18%		
AZHAR CHAUDHRI, RENMUIR HOLDINGS LIMITED AND CHI TUNG INVESTMENTS LTD ²	Mr Azhar Chaudhri	1,436,001	-	1,436,001	27.30%	5.32%	30.67%	3.37%
	Chi Tung Investments Ltd	2,950,000	-	2,950,000		10.93%		
	Renmuir Holdings Ltd	3,277,780	-	3,277,780		12.14%		
	Chi Tung Investments Ltd	-	8,100,000	616,613 ³		2.28%		
FAROOQ KHAN AND ASSOCIATES ⁴	Farooq Khan	2,231,367	-	2,231,367	19.45%	8.26%	21.85%	2.40%
	Island Australia Pty Ltd	3,668,577	-	3,668,577		13.59%		
MANAR NOMINEES PTY LTD AND ZELWAR SUPERANNUATION PTY LTD ⁵	Manar Nominees Pty Ltd	1,825,663	-	1,825,663	6.61%	6.76%	7.43%	0.82%
	Zelwer Superannuation Pty Ltd	180,500	-	180,500		0.67%		

- (1) Based on the substantial shareholding notice filed by Bell IXL Investments Limited dated [28 January 2014](#) (updated to reflect current percentage voting power)
- (2) Based on the substantial shareholding notice filed by Azhar Chaudhri and associates dated [15 December 2015](#)
- (3) Voting shares attributable to 8,100,000 partly paid ordinary shares (issued at a price of 20 cents per share) which have been partly paid to 1.5225 cent each
- (4) Based on the substantial shareholding notice filed by Farooq Khan and associate dated [20 November 2014](#) (updated to reflect current percentage voting power)
- (5) Based on the substantial shareholding notice filed by Manar Nominees Pty Ltd dated [29 December 2003](#) (updated to reflect current percentage voting power)
- (6) Total Voting Power is equivalent to the total number of fully paid ordinary shares on issue (29,717,316) plus the equivalent voting shares associated with the partly paid shares on issue based on the amount paid up per partly paid share (616,613).
- (7) Movements of less than 1% in voting power are not required to be disclosed to ASX via an updated substantial shareholding notice and accordingly, there may be variances between the actual shareholdings of the shareholders named in the table above and the most recent substantial shareholding notices lodged on ASX.

Mr Farooq Khan (also the Chairman and Managing Director of the Company) has informed the Company that he has not yet formed a view on whether he will accept (and if so to what extent) into the Buy-Back.

The Buy-Back is not considered likely to have a material impact on the control situation of the Company if all major/substantial shareholders do not accept into the same, as illustrated in the above table.

Substantial shareholders with a 20% or greater holding in a company are permitted to increase their shareholding by up to 3% every 6 months pursuant to the 'creep' provisions under the Corporations Act. The voting power of Bell IXL Investments Limited (and associates) and Azhar Chaudhri (and associates) would increase by slightly more than 3% (in the scenario assumed for the above table).

The Company notes that a shareholder with a 20% or greater holding in a company is permitted to increase its shareholding as a result of a permitted buy-back by any percentage without a requirement to seek prior shareholder approval, under section 611 of the Corporations Act.

12. The Company's Intentions after the Buy-Back

After the Buy-Back, the Company will continue with its principal activity of managing its assets, including its principal investment in controlled entity, ASX-listed Orion Equities Limited.

The Company may also consider undertaking further regular/annual Equal Access Buy-Back Schemes, depending on the evaluation of the success of this proposed Buy-Back, Queste's financial position and the liquidity of trading in Queste shares on ASX at the relevant time.

The Company will also monitor and determine the appropriateness of remaining as a listed entity on the ASX (subject to ASX Listing Rules and prior shareholder approval).

13. Australian Tax Implications for Shareholders

The following is a general description of the Australian income and capital gains tax consequences of selling shares under the Buy-Back Offer. The information applies only to Queste shareholders who hold their shares as capital assets. It does not apply to shareholders who hold their shares as trading stock in the course of carrying on a business of trading in shares (e.g. in general, shareholders who are professional share traders, banks or insurance companies) or who hold their shares for the purpose of sale at a profit.

The information below is based upon income tax legislation in effect at the date of this Explanatory Statement, but it is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of any particular or all shareholders. The information is not intended to be advice and should not be relied upon on that basis. **Shareholders should seek independent professional advice in relation to their own particular circumstances.**

13.1. General

The Buy-Back constitutes an 'off-market' share Buy-Back for the purposes of the tax legislation. The whole of the Buy-Back price will be debited against the Company's share capital account. That is, for tax purposes, the Buy-Back price will consist of a capital amount equal to the Buy-Back price per share.

Accordingly, no part of the Buy-Back price is expected to be a dividend. While certain deemed dividend provisions in the Australian income tax law are directed at the provision of capital benefits to shareholders and can override this treatment, the Company does not expect these provisions to apply to the Buy-Back.

The tax treatment of the Buy-Back price will generally depend on two things:

- whether a shareholder is an individual or a complying superannuation fund, Australian resident corporate shareholder, or non-resident shareholder (or other entity); and
- the date on which the shares being bought back were acquired by the shareholder.

13.2. Australian Resident Individual Shareholders and Complying Superannuation Funds

Tax implications of receiving a capital return

The Buy-Back of shares by Queste constitutes a disposal by the shareholder of the shares for capital gains tax purposes. If the shareholder that disposes of shares is an Australian resident individual or a complying superannuation fund, any capital gain is included in the calculation of their taxable income. If a capital loss is realised, it can be off set against capital gains the shareholder realises in the same income year or in later income years.

Discount capital gains

If the shareholder has held their shares for at least 12 months as at the time of the Buy-Back, the shareholder will be eligible for the capital gains tax discount on any capital gain the shareholder derives. The effect of the discount for an Australian resident individual shareholder is that the shareholder only pays tax on half of any capital gain the shareholder makes (after deducting any capital losses). The effect of the discount for a complying superannuation fund is that the shareholder only pays tax on two-thirds of the capital gain the shareholder makes (after deducting any capital losses).

Calculating a capital gain or loss

A capital gain or loss is calculated as the difference between the proceeds received on the disposal of the shares (the FPO Price of 9 cents per share (for fully paid shares) or the PPO Price of 0.45 cent per share (for partly paid shares)) and the cost base of the shares (or reduced cost base if there is a capital loss).

If the shareholder sells their shares in the Buy-Back, the shareholder will be taken to have received the Buy-Back price per share as proceeds for the disposal of each share.

The shareholder will generally have a cost base for each share equal to the acquisition cost of the share, plus any incidental costs of acquisition and disposal of the share.

13.3. Australian Resident Corporate Shareholders

Tax implications of receiving a capital return

As described above, the Buy-Back of shares by Queste also constitutes a disposal of the shares for capital gains tax purposes. This may give rise to a capital gain or capital loss.

Calculating a capital gain or loss

A capital gain or loss is calculated as the difference between the proceeds received on the disposal of the shares and the cost base of the shares (or reduced cost base if there is a capital loss).

For the purposes of calculating whether a company has made a capital gain, it will be taken to have received the Buy-Back price per share as capital proceeds for the disposal of each share. The shareholder will generally have a cost base for each share equal to the acquisition cost of the share, plus any incidental costs of acquisition and disposal of the share. No discount of the capital gain amount is available to an Australian resident company (or an entity taxed as if it were a company) that disposes of a share.

13.4. Non-Resident Shareholders

Although the Buy-Back of shares by Queste will constitute a disposal of their shares by the shareholder, the shareholder will not make any capital gain or capital loss (calculated as above) unless:

- the shareholder holds shares through a permanent establishment that carries on business in Australia; or
- the shareholder, together with their associates, has a holding of at least 10% (being a 'non-portfolio interest') of all of the issued shares of Queste.

Non-resident shareholders that have a non-portfolio interest (together with their associates) should seek specific Australian tax advice.

Non-resident shareholders that have previously been Australian residents should also seek specific Australian tax advice.

13.5. Goods and Services Tax (GST)

Under the GST legislation, GST will not be payable on the transfer of shares in the Buy-Back. The transfer of shares will constitute a "financial supply" which is an input-taxed supply for the purposes of the GST legislation.

13.6. What if Shareholders Sell their Shares on the Stock Market?

If the shareholder sells their shares on the stock market, the price the shareholder receives would be treated as capital (assuming the shareholder holds the investment on capital and not revenue (i.e. share trading) account). As a result, there is no difference in the tax treatment arising if the shareholder sells their shares on the stock market.

However, the shareholder will incur brokerage costs if the shareholder sells their shares on the stock market, whereas the shareholder will not incur any transaction costs if the shareholder sells their shares in the Buy-Back.

14. Tax implications for the Company

It is unlikely that the Buy-Back will result in any adverse income tax implications for the Company.

14.1. Tax Losses

The Buy-Back may impact upon the Company's ability to utilise prior year tax losses of approximately \$3.6 million (as at 30 June 2015¹⁰) against future taxable income of the Company.

Generally, the Company must pass the continuity of ownership test (COT) to set off prior year tax losses against its taxable income in a given income year. While the proportionate change in ownership of the Company as a result of the Buy-Back will depend on the number of shares that are ultimately bought-back, a material risk exists that under certain Buy-Back acceptance scenarios, the Buy-Back will result in the Company failing the COT. Even if the Company does not fail the COT as a result of the Buy-Back, the Buy-Back could increase the likelihood that the Company will fail the COT in the future.

10 Refer Note 3 to the Consolidated Financial Statements at page 26 of QUE's [2015 Annual Report](#)

Even if the Company fails COT, it may nonetheless utilise prior year tax losses if it is able to pass the same business test (**SBT**). It is not possible to measure the risk of the Company failing to pass SBT as it is not possible to predict the nature of the Company's business activity in the future. However, it is noted that the Commissioner of Taxation takes a strict view of the application of the SBT in determining whether tax losses are available for utilisation.

14.2. Other Tax Effects for the Company

There are no other reasonably anticipated tax effects for the Company of the Buy-Back.

15. Support for the Buy-Back

15.1. Directors' Recommendations

For the reasons set out in this Explanatory Statement, each Director is of the view that it is in the best interests of shareholders to vote in favour of Resolution 1, to enable those shareholders who wish to exit or reduce their investment in the Company to be able to do so via the Buy-Back Offer.

Each Director who holds shares in the Company intends to vote in favour of Resolution 1.

By proposing the Buy-Back, none of the Company or its Directors are making a recommendation or providing advice in relation to whether shareholders should offer to sell any of their shares to the Company pursuant to the Buy-Back.

Each shareholder's decision whether or not to accept under the Buy-Back Offer will depend on that shareholder's own circumstances and the Board suggests that each shareholder should seek appropriate accounting, legal, taxation or other advice before deciding whether to accept under the same.

Shareholders should also carefully read the accompanying Independent Expert's Report included in this Information Memorandum. The Independent Expert, BDO, has examined the Buy-Back and has concluded that the position of shareholders if Resolution 1 is approved is more advantageous than the position if the resolution is not approved and accordingly, the Buy-Back is reasonable to shareholders (in the absence of a superior buy-back proposal) and that it is fair and reasonable to the shareholders who do not participate in the Buy-Back and is not fair but reasonable to shareholders who participate in the Buy-Back (refer sections 2.3, 2.6 and 13 of the IER included in the Information Memorandum).

15.2. Directors' Relevant Interests in Shares

Each Director's current relevant interest/holding of shares in the Company is as follows:

Name of Director	Fully Paid Ordinary shares	Partly Paid Ordinary Shares
Farooq Khan	5,899,944 ¹¹	-
Victor Ho	17,500 ¹²	-
Yaqoob Khan	68,345 ¹³	-

15.3. Directors' Intentions to Participate in the Buy-Back

Directors who hold shares in the Company are entitled to participate in the Buy-Back at their own discretion.

Mr Yaqoob Khan have informed the Company that he will not participate in the Buy-Back.

Mr Victor Ho has informed the Company that he has not yet formed a view on whether he will accept (and to what extent) into the Buy-Back.

Mr Farooq Khan has informed the Company that he has not yet formed a view on whether he will accept (and to what extent) into the Buy-Back.

11 Refer Farooq Khan's [Change of Director's Interest Notice](#) dated 20 November 2014; 2,231,367 shares held directly and 3,668,577 shares held by a controlled company

12 Refer [Victor Ho's Appendix 3X Initial Director's Interest Notice](#) dated 3 April 2013; held indirectly via his superannuation fund

13 Refer [Yaqoob Khan's Appendix 3Y Change of Director's Interest Notice](#) dated 6 September 2011; 15,025 shares held directly and 53,325 shares held by a controlled company

16. Corporations Act Requirements

The Company must comply with the following requirements of the Corporations Act in relation to the Buy-Back:

- (a) the Buy-Back must not materially prejudice the Company's ability to pay its creditors. The Board is of the view that the Buy-Back will not have this effect (refer Section 10);
- (b) the Company must include with the Notice of Meeting a statement setting out all information known to the Company that is material to the decision of how to vote on Resolution 1 (the Company may omit information if it would be unreasonable to require repetition of information already disclosed to shareholders) – refer to the whole of this Information Memorandum;
- (c) the Company must include in the Buy-Back Offer Document a statement setting out all information known to the Company that is material to the decision whether to accept the offer (there is no express dispensation for information previously provided);
- (d) the Notice of Meeting, the Buy-Back Offer and all accompanying documents must be lodged with ASIC;
- (e) Shareholders must have a reasonable opportunity to accept the Buy-Back Offers made to them – it is proposed that the Buy-Back Offer be open for approximately 30 days after the proposed date of despatch of the Offer Booklet (refer to the indicative Timetable in Section 4.2 above);
- (f) a buy-back agreement must not be entered into until a specified time for acceptance of offers has closed - the Company will process acceptances (including the application of the Scale-Back) received after the close of the Buy-Back Offer;
- (g) once the Company has entered into an agreement to buy back shares, all rights attaching to the shares are suspended, but the suspension is lifted if the agreement is terminated; and
- (h) the Company must not deal in shares it has bought back. Immediately after registration of the transfer of the shares to the Company, the shares are cancelled, and the Company must notify ASIC of the cancellation within one month.

17. Reliance on information in this Explanatory Statement

17.1. Forward-looking Statements

This Explanatory Statement contains forward-looking statements that are not based solely on historical facts but are based on current expectations about future events and results. These forward-looking statements are subject to inherent risks and uncertainties. Such risks and uncertainties include factors and risks specific to the operations of the Company, as well as general economic conditions, prevailing interest rates, conditions in the financial markets, government policies and regulations and competitive pressures. As a consequence, actual events or results may differ materially from the expectations expressed or implied in such forward-looking statements.

None of the Company or its directors, officers, employees and advisers makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward-looking statement, or any events or results expressed or implied in any forward-looking statement, except to the extent required by law. Accordingly, shareholders are cautioned about placing undue reliance on forward-looking statements contained in this Explanatory Statement.

17.2. Responsibility for Information in this Explanatory Statement

The Company is responsible for the information in this Explanatory Statement, except as stated below. The Company is responsible for underlying data on which the IER is based to the extent that data relates solely to the Company. To the extent that the IER contains or is based on data from other sources or the Independent Expert's own expert judgement, responsibility lies with the Independent Expert or the third parties that provided the data or conclusions.

Responsibility for statements as to the intentions of shareholders in Section 15 lies with those shareholders.

17.3. Investment Decisions

The material in this Explanatory Statement does not constitute investment advice and does not take into account personal circumstances and needs of any particular shareholder. Before making any investment decision shareholders should consider their own personal circumstances and take appropriate professional advice.

18. Notice to Shareholders Who Reside Outside Australia

Warning: The contents of this Explanatory Statement, concerning the Buy-Back, have not been reviewed by any regulatory authority outside Australia. Shareholders who do not reside in Australia are advised to exercise caution in relation to any decision on whether to participate in the Buy-Back. If shareholders are in any doubt about any of the contents of the Explanatory Statement as concerns the Buy-Back or generally, they should obtain independent professional advice.

19. ASIC Lodgement

In accordance with subsection 257C(3) of the Corporations Act, a copy of this Information Memorandum has been lodged with ASIC. ASIC does not approve notices of meeting lodged with it. ASIC may, but is not required to, notify the Company if it believes a document lodged with it does not comply with applicable laws. The Company has received no notification from ASIC concerning this Information Memorandum.



QUESTE COMMUNICATIONS LTD Independent Expert's Report

27 January 2016

The Buy-back Proposal is not fair but reasonable to
Shareholders that participate

The Buy-back Proposal is fair and reasonable to
Shareholders who do not participate



Financial Services Guide

27 January 2016

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Queste Communications Ltd ('Queste' or 'the Company') to provide an independent expert's report on the proposal to undertake an Equal Access Scheme Off-Market Share Buy-Back. You will be provided with a copy of our report as a retail client because you are a shareholder of Queste.

Financial Services Guide

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ('FSG'). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence, Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

Information about us

BDO Corporate Finance (WA) Pty Ltd is a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide services primarily in the areas of audit, tax, consulting and financial advisory services.

We do not have any formal associations or relationships with any entities that are issuers of financial products. However, you should note that we and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business.

Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients.

When we provide the authorised financial services we are engaged to provide expert reports in connection with the financial product of another person. Our reports indicate who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice.

Fees, commissions and other benefits that we may receive

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$12,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

Other assignments

In October 2013, BDO Corporate Finance (WA) Pty Ltd prepared an Independent Expert's Report for Queste for a fee of approximately \$20,000.

BDO Audit and Assurance (WA) Pty Ltd is the appointed independent auditor of Queste (pending ASIC consent to application to resign as auditor lodged on 18 December 2015). We do not consider that this impacts on our independence in accordance with the requirements of Regulatory Guide 112 'Independence of Experts'. We have completed a conflict search of BDO affiliated organisations within Australia. This conflict search incorporates all Partners, Directors and Managers of BDO affiliated organisations. We are not aware of any circumstances that, in our view, would constitute a conflict of interest or would impair our ability to provide objective assistance in this matter.

Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Queste for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

Complaints resolution

Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700 West Perth WA 6872.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent organisation that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial service industry. FOS will be able to advise you as to whether or not they can be of assistance in this matter. Our FOS Membership Number is 12561. Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly via the details set out below.

Financial Ombudsman Service
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Facsimile: (03) 9613 6399
Email: info@fos.org.au

Contact details

You may contact us using the details set out on page 1 of the accompanying report.



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Appendix 1 - Glossary

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Appendix 6 - Option valuation

27 January 2016

The Directors
Queste Communications Ltd
Level 2, 23 Ventnor Avenue
WEST PERTH WA, 6005

Dear Sirs

INDEPENDENT EXPERT'S REPORT

1. Introduction

The Board of Queste Communications Ltd ('Queste' or 'the Company') intends to undertake an Equal Access Off-Market Share Buy-back Scheme providing shareholders with an opportunity to realise all or part of their investment in the Company.

2. Summary and Opinion

2.1 Purpose of the report

The directors of Queste have requested that BDO Corporate Finance (WA) Pty Ltd ('BDO') prepare an independent expert's report ('our Report') to express an opinion as to whether or not the proposed Equal Access Off-Market Share Buy-back Scheme ('the Buy-back Proposal') is fair and reasonable to the shareholders of Queste ('Shareholders'). Shareholders include holders of both fully paid and partly paid ordinary shares.

Our Report is prepared at the request of the Directors of Queste in order to assist Shareholders in their decision whether to approve the Buy-back Proposal.

2.2 Approach

Our Report has been prepared having regard to Australian Securities and Investments Commission ('ASIC') Regulatory Guide 111 'Content of Expert's Reports' ('RG 111') and Regulatory Guide 112 'Independence of Experts' ('RG 112').

In arriving at our opinion, we have assessed the terms of the Buy-back Proposal as outlined in the body of this report. We have considered:

- How the value of the consideration to be paid for each ordinary fully paid Queste share under the Buy-back Proposal compares to the value of a fully paid share in the Company prior to the Buy-back Proposal;

- How the value of the consideration to be paid for each partly paid Queste share under the Buy-back Proposal compares to the value of a partly paid share in the Company prior to the Buy-back Proposal;
- The likelihood of a superior alternative offer being available to Shareholders;
- Other factors which we consider to be relevant to the Shareholders in their assessment of the Buy-back Proposal; and
- The position of Shareholders should the Buy-back Proposal not be approved.

2.3 Opinion

We have considered the terms of the Buy-back Proposal as outlined in the body of this report and have concluded that the Buy-back Proposal:

- is fair and reasonable to Shareholders who do not participate in the Buy-back; and
- is not fair but reasonable to Shareholders who participate in the Buy-back.

We consider that the Buy-back Proposal is fair to Shareholders who do not participate because the proposed buy back price is below the per share assessed value range of a Queste share. Therefore, the Buy-back Proposal will be value accretive for those Shareholders who do not participate (provided at least some Shareholders participate).

We consider that the Buy-back Proposal is not fair to Shareholders who participate because the proposed buy back price is below the per share assessed value range of a Queste share.

However, we consider the Buy-back Proposal to be reasonable because the advantages of the Buy-back Proposal to Shareholders are greater than the disadvantages. In particular, it allows Shareholders to choose whether to participate; participation provides the opportunity to realise at least part of their investment for cash in a low liquidity market, at a rate above the current share price, whereas, non-participation provides for an increase in the net asset backing (provided at least some Shareholders participate).

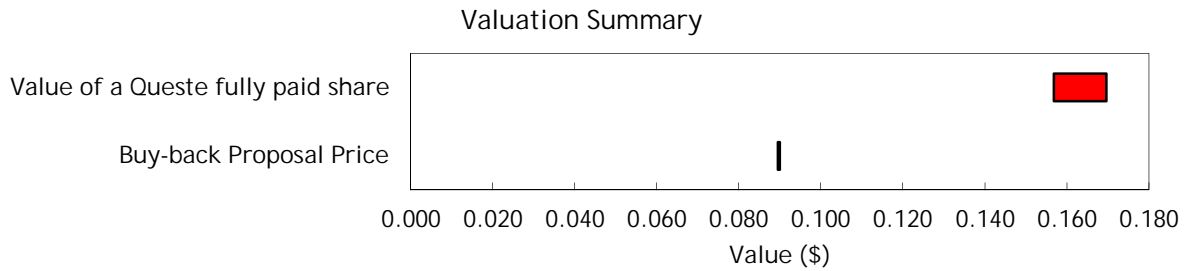
2.4 Fairness- Fully paid ordinary shares

In section 11 we determine that the consideration offered ('Buy-back Proposal Price') compares to the value of a Queste fully paid ordinary share, as detailed below.

	Ref	Low \$	Preferred \$	High \$
Value of a Queste fully paid ordinary share	9.7	0.1568	0.1632	0.1695
Buy-back Proposal Price	10	0.0900	0.0900	0.0900

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Buy-back Proposal is not fair for fully paid ordinary Shareholders who participate. Conversely the Buy-back Proposal is fair for fully paid Shareholders who do not participate.

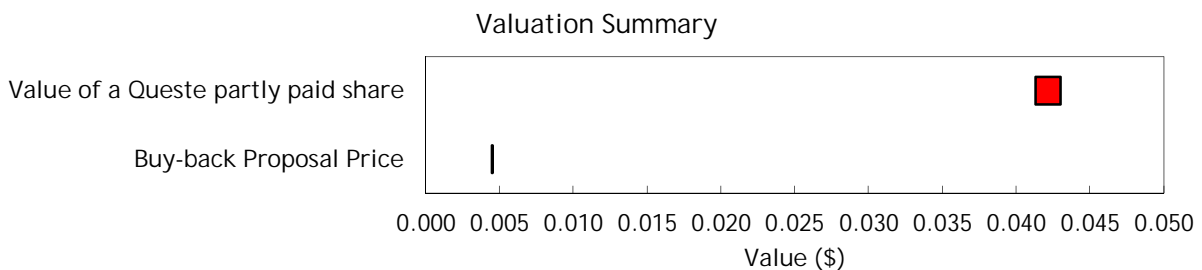
2.5 Fairness- Partly paid ordinary shares

In section 11 we determine that the Buy-back Proposal Price compares to the value of a Queste partly paid ordinary share, as detailed below.

Partly paid ordinary shares	Ref	Low \$	Preferred \$	High \$
Value of a Queste partly paid ordinary share	9.7	0.0413	0.0421	0.0430
Buy-back Proposal Price	10	0.0045	0.0045	0.0045

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information, the Buy-back Proposal is not fair for partly paid Shareholders, if the partly paid Shareholders participate. Conversely the Buy-back Proposal is fair for partly paid Shareholders, if that Shareholder does not participate.

2.6 Reasonableness

We have considered the analysis in section 12 of this report, in terms of both

- advantages and disadvantages of the Buy-back Proposal from the point of view of both participating and non-participating fully and partly paid ordinary Shareholders ; and
- other considerations, including the position of Shareholders if the Buy-back Proposal does not proceed and the consequences of not approving the Buy-back Proposal.

In our opinion, the position of Shareholders if the Buy-back Proposal is approved is more advantageous than the position if the Buy-back Proposal is not approved. Accordingly, in the absence of any other relevant information and/or a superior Buy-back Proposal we believe that the Buy-back Proposal is reasonable for Shareholders.

The respective advantages and disadvantages considered are summarised below:

Section	Advantages	Section	Disadvantages
Shareholders that participate in the Buy-back Proposal:			
12.2	Shareholders will have the opportunity to sell their Shares at a price above the ASX price	12.3	Holders of shares that are bought back will not be exposed to any potential future increases in the net tangible assets of the Company
12.2	All eligible Shareholders will have an equal opportunity to sell their Shares	12.3	Shareholders may not be able to realise their full investment
12.2	Flexibility in the level of participation		
12.2	No brokerage fees will be payable by Shareholders		
12.2	Opportunity to realise at least part of their investment for cash in a company with relatively illiquid shares		
Shareholders that do not participate in the Buy-back Proposal:			
12.2	Increase in net tangible assets per share for remaining shareholders	12.3	There will be decreased assets to invest
12.2	The Buy-back Proposal will not cause a decrease in the market value of Shares	12.3	There will be a reduced capacity to use deferred tax assets
12.2	Remaining shareholders will have an increased holding of the Company	12.3	Availability of cash funds of Queste post Buy-back will diminish
		12.3	Decreased investment portfolio liquidity
		12.3	Decreased diversification of funds
		12.3	Decreased earnings per share

Other key matters we have considered include:

Section	Description
12.1	Alternative strategies to buy back shares that might offer Shareholders a premium over the value of the Buy-back Proposal Price.

3. Scope of the Report

3.1 Purpose of the Report

ASIC Regulatory Guide 110 “Share Buy-backs” (‘RG 110’) sets out the information to be disclosed to shareholders by companies seeking shareholder approval for a Buy-back. RG110, paragraph 18 states that if a company proposes to buy-back a significant percentage of shares it should consider providing an independent expert’s report with a valuation of the shares.

The directors of Queste engaged BDO to prepare an independent expert’s report regarding the value of Queste as well as the impact of the Buy-back Proposal on exiting and continuing Shareholders. To best satisfy the requirements of RG110 we consider our Report should assess whether, in our opinion, the Buy-back Proposal is fair and reasonable to Shareholders.

3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of ‘fair and reasonable’. In determining whether the Buy-back Proposal is fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

This regulatory guide suggests that, where an expert assesses whether a transaction is ‘fair and reasonable’, this should not be applied as a composite test—that is, there should be a separate assessment of whether the transaction is ‘fair’ and ‘reasonable’, as in a control transaction. An expert should not assess whether the transaction is ‘fair and reasonable’ based simply on a consideration of the advantages and disadvantages of the proposal.

In our opinion, given the Buy-back Proposal is capped and on an equal access basis as defined by RG 111, we do not consider the Buy-back Proposal to be a control transaction. Therefore, any valuation will be assessed based on a minority basis to determine if the Buy-back Proposal is fair and reasonable.

3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is greater than the value of the securities subject of the offer. This comparison should be made assuming a knowledgeable and willing, but not anxious, buyer and a knowledgeable and willing, but not anxious, seller acting at arm’s length. RG 111 states that when considering the value of the securities subject of the offer in a control transaction the expert should consider this value inclusive of a control premium. However, as stated in Section 3.2, we do not consider that the Buy-back Proposal is a control transaction. As such, we have not included a premium for control when considering the value of Queste’s shares on hand, or the value of consideration under the Buy-back Proposal.

Further to this, RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being ‘not fair’ the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid.

Having regard to the above, BDO has completed this comparison in two parts:

- A comparison between the value of a Queste share prior to the Buy-back Proposal and the value of the consideration offered (fairness - see Section 11 “Is the Buy-back Proposal Fair?”). This comparison is for both fully and partly paid shares and is considered principally from the view point of Shareholders who participate in the Buy-back Proposal; and

- An investigation into other significant factors to which Shareholders might give consideration, prior to approving the resolution, after reference to the value derived above (reasonableness - see Section 12 "Is the Buy-back Proposal Reasonable?").

This assignment is a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

"an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time."

This Valuation Engagement has been undertaken in accordance with the requirements set out in APES 225.

4. Outline of the Buy-back Proposal

4.1 The Buy-Back

Queste proposes to undertake an equal access off-market share buy-back of up to 100% of the fully paid and partly paid ordinary shares in the Company, subject to the maximum subscription of the buy-back being \$300,000.

Under the equal access off-market share buy-back, Queste will buy-back shares at a price of:

- \$0.09 in respect of each fully paid ordinary share on issue; and
- \$0.0045 in respect of each partly paid ordinary share on issue.

If the value of the buy-back acceptances were to exceed the buy-back cap of \$300,000, Queste will scale back the number of shares to be bought back on a pro-rata basis determined by reference to the value of the buy-back consideration in respect of acceptances received for fully paid and partly paid ordinary shares.

As contained in the Explanatory Memorandum, if the Buy-Back is approved, the Company will continue with its principal activity of managing its assets, including its majority investment in Orion Equities Limited ('Orion').

The Company may also consider undertaking regular Equal Access Buy-Back Schemes depending on its assessment of the success or otherwise of this Buy-Back Proposal, the Company's financial position and the liquidity of trading in Queste shares at the relevant time.

4.2 Shareholding in Queste following the Buy-Back

At the date of our Report, the Company has the following shares on issue:

- 29,717,316 listed fully paid shares; and
- 8,100,000 unlisted partly paid ordinary shares, each paid to \$0.015225 (with \$0.184775 partly paid ordinary share outstanding), representing the equivalent of 616,613 voting shares,

making a total of 30,333,929 equivalent voting shares on issue.

In our analysis, we have assessed the potential dilution to both types of Shareholders under the following scenarios:

Scenario One - All fully paid Shareholders and all partly paid Shareholders seek to take up the Buy-Back offer for all their shares.

Scenario Two - All fully paid Shareholders seek to take up the Buy-Back offer for their shares, but the partly paid Shareholders do not.

Scenario Three - The partly paid Shareholders seeks to take up the Buy-Back offer for their shares, but none of the fully paid Shareholders seek to do so.

These three scenarios are set out in the tables below.

Scenario One: All fully paid Shareholders and all partly paid Shareholders seek to take up the Buy-Back offer for all their shares.

Scenario One	Shares prior to the Buy-Back	Shares Bought-Back	Shares after the Buy-Back	Change %
Fully paid shares	29,717,316	3,288,511	26,428,805	-11.07%
Partly paid shares	8,100,000	896,444	7,203,556	-11.07%
Fully paid equivalent of partly paid shares	616,613	-	548,371	-11.07%
Total equivalent fully paid shares	30,333,929		26,977,176	-11.07%
Total diluted shares	37,817,316		33,632,361	-11.07%

Scenario Two: All fully paid Shareholders seek to take up the Buy-Back offer for their shares, but the partly paid Shareholders do not.

Scenario Two	Shares prior to the Buy-Back	Shares Bought-Back	Shares after the Buy-Back	Change %
Fully paid shares	29,717,316	3,333,333	26,383,983	-11.22%
Partly paid shares	8,100,000	-	8,100,000	0.00%
Fully paid equivalent of partly paid shares	616,613	-	616,613	0.00%
Total equivalent fully paid shares	30,333,929		27,000,596	-10.99%
Total diluted shares	37,817,316		34,483,983	-8.81%

Scenario Three: The partly paid Shareholder seeks to take up the Buy-Back offer for their shares, but none of the fully paid Shareholders seek to do so.

Scenario Three	Shares prior to the Buy-Back	Shares Bought-Back	Shares after the Buy-Back	Change %
Fully paid shares	29,717,316	-	29,717,316	0.00%
Partly paid shares	8,100,000	8,100,000	-	-100.00%
Fully paid equivalent of partly paid shares	616,613		-	-100.00%
Total equivalent fully paid shares	30,333,929		29,717,316	-2.03%
Total diluted shares	37,817,316		29,717,316	-21.42%

We note that there are potentially a number of 'intermediate' scenarios reflecting different levels of participation sought by fully paid and partly paid Shareholders but the parameters of the various outcomes of these 'intermediate' scenarios in terms of resulting numbers of total shares are all within the limits shown by the three scenarios above.

5. Profile of Queste

5.3 History

Queste was incorporated on 10 March 1998 and was admitted to the Official List of the Australian Securities Exchange ('ASX') on 11 November 1998 after successfully completing an Initial Public Offer raising of approximately \$2.5 million. The Company is focussed on the management of its assets, which include a 59.86% controlling interest in Orion and a 2.32% interest in associate Bentley Capital Limited ('Bentley').

The Company's current board members and senior management are:

- Mr Farooq Khan, Executive Chairman & Managing Director;
- Mr Victor Ho, Executive Director & Company Secretary; and
- Mr Yaqoob Khan, Non-Executive Director.

The Board of Directors also hold key positions in Orion and Bentley as outlined in the table below.

Director	Position
Mr Farooq Khan	Executive Chairman of Orion and Bentley
Mr Victor Ho	Executive Director of Orion, Company Secretary of Bentley
Mr Yaqoob Khan	Non-Executive Director of Orion

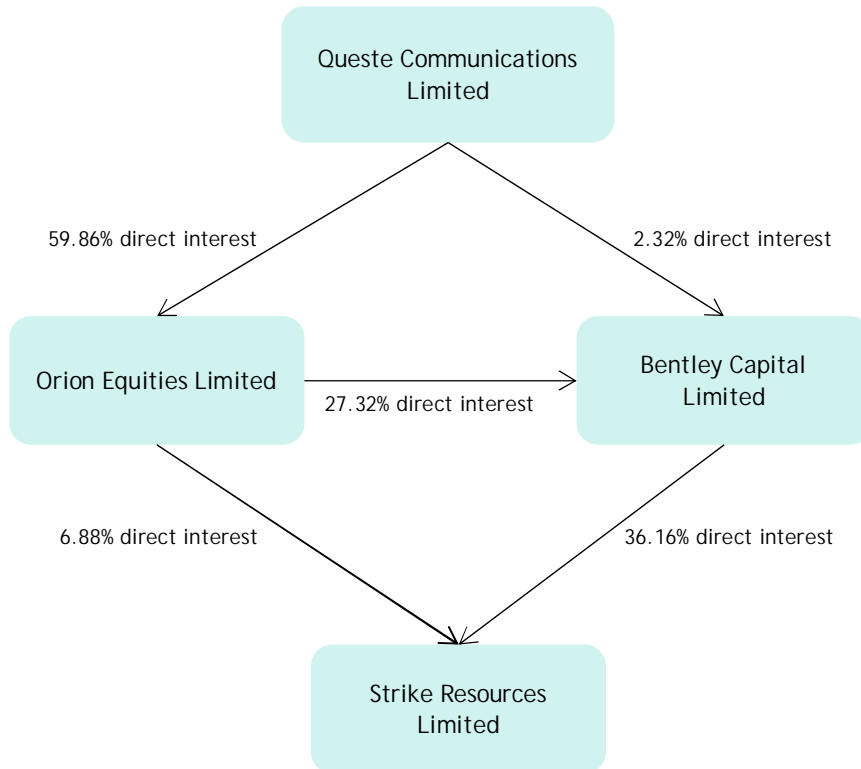
As at the date of our Report, the Company holds 30,333,929 voting shares, comprising 29,717,316 fully paid ordinary/voting shares and 616,613 voting shares attributable to 8.1 million partly paid shares paid to \$0.015225 with \$0.184775 outstanding.

In December 2013, the Company undertook an equal access scheme share buy-back of up to 100% of each shareholder's shares in the Company, subject to a maximum cost to the Company of \$330,000. Under this buy-back (which closed on 21 January 2014), the Company bought back:

- 587,563 fully paid shares for 10 cents per share, at a cost of \$58,756; and
- 10,000,000 partly-paid shares for 0.5 of a cent per share, at a cost of \$50,000,

With the total cost of the share buy-back being \$108,756.

Illustrated below is Queste's interest in Orion and Bentley, as well as its indirect interest in Strike Resources Limited ('Strike').



Set out below is a brief description of Orion and Bentley.

Orion

Orion is an Australian Listed Investment Company ('LIC') and officially listed on the ASX on 19 November 1970. As at 31 December 2015, Queste held 59.86% of the issued capital of Orion. Orion is focussed on the management of its investments, including investments in listed and unlisted securities, real estate held for development and resale, and an olive grove operation.

Orion's current board members and senior management are:

- Mr Farooq Khan, Executive Chairman;
- Mr Victor Ho, Executive Director & Company Secretary; and
- Mr Yaqoob Khan, Non-Executive Director.

During the year ended 30 June 2015, Orion bought back 45,000 shares on-market at a total cost of \$10,495, and at an average buy-back cost (including brokerage) of \$0.233 per share, pursuant to a series of on-market share buy-backs.

Subsequent to the end of the financial year, Orion bought back 211,300 shares at a total cost of \$46,686 at an average buy-back cost (including brokerage) of \$0.221 per share.

Orion also holds a 27.32% interest in Bentley, which is also an LIC.

Orion also owns a 143-hectare property comprising a commercial olive grove freehold land (with a water licence entitlement) and olive trees with approximately 64,500, 16 year old plantings. The olive grove is currently on 'care and maintenance' in light of low olive oil prices relative to the costs of production.

Orion has an investment in a residential property located in Mandurah. The real estate investment is classified as property held for development or resale on the Company's balance sheet. Initially the purchase was made with the intention to subdivide the property. However, these plans were rejected by the Western Australian Planning Commission. There was a subsequent attempt to sell the property via an auction process but no bids were received. The property is a single residence comprising three bedrooms and two and a half bathrooms. Orion has undertaken renovations and currently derives rental income from the property.

Bentley

Bentley is an LIC and officially listed on the ASX on 7 November 1986. Bentley is focussed on the management of its assets, which primarily consists of Australian equities. Bentley's current board members and senior management are:

- Mr Farooq Khan, Executive Chairman;
- Mr William Johnson, Executive Director;
- Mr Simon Cato, Non-Executive Director; and
- Mr Victor Ho, Company Secretary.

On 26 August 2015, Bentley sold its holding of 49,687,332 shares in Molopo Energy Limited at a price of \$0.265 per share for total consideration of \$13.167 million.

On 30 June 2015, Bentley announced its intention to make a conditional off-market bid for all of the fully paid ordinary shares in Strike Resources Limited ('Strike') for cash consideration of \$0.055 per share.

On 2 September 2015, Bentley's off-market \$0.055 per share cash takeover bid for Strike successfully closed with acceptances received totalling 52,553,493 Strike shares (representing a 36.16% relevant interest in Strike). Strike Resources has iron ore projects in Peru with operations suspended in 2014. Strike is currently reviewing alternative business strategies in light of the difficult market conditions facing iron ore and the resources sector generally.

5.4 Historical Balance Sheet

Statements of Financial Position	Audited as at 30-Jun-15 \$	Audited as at 30-Jun-14 \$	Audited as at 30-Jun-13 \$
CURRENT ASSETS			
Cash and cash equivalents	269,805	1,169,619	2,747,596
Financial assets at fair value through profit and loss	1,523,346	1,172,419	723,873
Trade and other receivables	13,171	154,771	209,600
Other current assets	8,417	6,124	5,854
Inventories	-	-	140,622
TOTAL CURRENT ASSETS	1,814,739	2,502,933	3,827,545
NON-CURRENT ASSETS			
Trade and other receivables	57,120	20,454	53,085
Property held for development or resale	1,350,000	1,490,000	1,490,000
Investment in associate entity	3,705,212	4,119,071	4,307,391
Property, plant and equipment	2,010,752	1,667,083	1,154,801
Olive trees	65,500	65,500	65,500
Intangible assets	-	-	650,433
Deferred tax asset	216,374	98,657	95,009
TOTAL NON-CURRENT ASSETS	7,404,958	7,460,765	7,816,219
TOTAL ASSETS	9,219,697	9,963,698	11,643,764
CURRENT LIABILITIES			
Trade and other payables	161,957	165,760	149,981
Provisions	117,010	117,357	174,989
TOTAL CURRENT LIABILITIES	278,967	283,117	324,970
NON-CURRENT LIABILITIES			
Deferred tax liability	216,374	98,657	95,009
TOTAL NON-CURRENT LIABILITIES	216,374	98,657	95,009
TOTAL LIABILITIES	495,341	381,774	419,979
NET ASSETS	8,724,356	9,581,924	11,223,785
EQUITY			
Issued capital	6,268,445	6,268,445	6,192,427
Reserves	3,200,408	3,106,232	2,257,792
Accumulated losses	(4,057,596)	(3,313,407)	(1,773,141)
PARENT INTEREST	5,411,257	6,061,270	6,677,078
Non-controlling interest	3,313,099	3,520,654	4,546,707
TOTAL EQUITY	8,724,356	9,581,924	11,223,785

Source: Queste audited financial reports for the years ended 30 June 2015, 30 June 2014 and 30 June 2013.

We note the following in relation to Queste's Statement of Financial Position:

- Cash and cash equivalents decreased from \$1.17 million at 30 June 2014 to \$0.27 million at 30 June 2015. The decrease is predominantly due to payments made to suppliers and employees of \$1.20 million, purchase of financial assets at fair value through profit or loss of \$0.72 million partially offset by dividends received of \$0.34 million and the sale of financial assets at fair value through profit or loss of \$0.51 million.

- Financial assets recorded at fair value through profit and loss relate to listed securities and units in unlisted managed funds, which are acquired for selling in the short term.
- Inventories of \$0.14 million at 30 June 2013 relate to bulk oils and package oils valued at cost.
- Property held for development or resale is located in Mandurah, Western Australia and is currently rented out. During the year ended 30 June 2015, an impairment loss of \$0.14 million was recognised.
- Investment in associated entity relates to the Company's investment in Bentley. The Company's investment in Bentley is accounted for under the equity accounting method. After initially being recognised at cost, the cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The decrease in the investment in associated entity from \$4.12 million at 30 June 2014 to \$3.71 million at 30 June 2015 reflects the adjustments made for Queste's share of Bentley's net loss after tax of \$0.08 million and for a dividend received of \$0.33 million.
- Intangible assets of \$0.65 million relate to the Water Licence pertaining to the olive grove property in Gingin, Western Australia and the brand name pertaining to the Dandaragan Estate Olive Oil brand. The brand name was subsequently sold on 30 June 2014 and the Water License was classified under property, plant and equipment subsequent to 30 June 2014.
- The property, plant and equipment relates to freehold land, buildings, plant and equipment and leasehold improvements. Land (with the water licence entitlement) was re-valued at \$1.74 million as at 30 June 2015.
- The balance for provisions relates to annual and long service leave.
- Non-controlling interest of \$3.31 million relates to the 40.94% equity holding in Orion that is not held by the Company at 30 June 2015.

5.5 Historical Statement Profit or Loss and Other Comprehensive Income

Statement of Profit or Loss and Other Comprehensive Income	Audited for year ended 30-Jun-15 \$	Audited for year ended 30-Jun-14 \$	Audited for year ended 30-Jun-13 \$
Revenue	80,289	109,275	200,020
Other Income			
Share of net profit of associate	-	256,768	-
Net gain on financial assets at fair value through profit or loss	142,374	-	-
Reversal of Impairment - Olive Grove land	101,296	-	-
Other income	4,353	12,619	2,804
Total revenue and income	328,312	378,662	202,824
Expenses			
Net loss on financial assets at fair value through profit or loss	-	(117,649)	(1,469,595)
Share of net loss of associate	(80,044)	-	(102,158)
Cost of goods sold in relation to olive oil operations	-	(11,209)	(52,867)
Olive grove operation expenses	(71,808)	(183,073)	(483,071)
Land operation expenses	(147,217)	(7,690)	(165,583)
Personnel expenses	(792,986)	(756,539)	(933,496)
Occupancy expenses	(69,339)	(129,127)	(99,418)
Corporate expenses	(51,561)	(47,037)	(44,203)
Finance expenses	(4,381)	(3,589)	(2,381)
Administration expenses	(256,388)	(220,976)	(192,876)
Profit/(Loss) before income tax	(1,145,412)	(1,098,227)	(3,342,824)
Income tax benefit	89,501	-	(57,300)
Profit/(Loss) from continuing operations after income tax	(1,055,911)	(1,098,227)	(3,400,124)
Profit/(Loss) for the year from discontinued operations	-	(110,855)	(110,612)
Profit/(Loss) for the year	(1,055,911)	(1,209,082)	(3,510,736)
Other comprehensive income			
Revaluation of assets, net of tax	208,836	-	(64,154)
Total comprehensive profit/(loss) for the year	(847,075)	(1,209,082)	(3,574,890)
Profit/(Loss) attributable to:			
Owners of Queste Communications Ltd	(744,189)	(1,540,266)	(2,014,600)
Non-controlling interest	(311,722)	331,184	(1,496,136)
	(1,055,911)	(1,209,082)	(3,510,736)
Total comprehensive profit/(loss) attributable to:			
Continuing operations	(535,353)	(1,429,411)	(1,968,142)
Discontinuing operations	-	(110,855)	(110,612)
Owners of Queste Communications Ltd	(535,353)	(1,540,266)	(2,078,754)
Continuing operations	(311,722)	331,184	(1,496,136)
Discontinuing operations	-	-	-
Non-controlling interest	(311,722)	331,184	(1,496,136)
	(847,075)	(1,209,082)	(3,574,890)

Source: Queste audited financial reports for the years ended 30 June 2015, 30 June 2014 and 30 June 2013.

We note the following in relation to Queste's Historical Statement of Profit or Loss and Other Comprehensive Income:

- The revenue line item includes income generated from the sale of olive oils (in respect of the year ended 30 June 2014), rental revenue, dividend revenue and interest revenue.
- Share of net profit of associate of \$0.26 million for the year ended 30 June 2014 relates to the Company's 30.12% interest in Bentley's after tax profit for the year.
- Reversal of impairment-Olive Grove land of \$0.10 million for the year ended 30 June 2015 relates to the 143-hectare olive grove operation located in Gingin, Western Australia.
- Share of net loss of associate of \$0.08 million for the year ended 30 June 2015 relates to the Company's 29.75% interest in Bentley's after tax loss for the year.
- Olive grove operation expenses decreased from \$0.18 million for the year ended 30 June 2014 to \$0.07 million for the year ended 30 June 2015. The decrease is a result of discontinuing the olive grove operations.
- Land operation expenses increased by \$0.14 million to \$0.15 million for the year ended 30 June 2015. The increase is a result of an impairment loss of \$0.14 million on property held for resale.
- Loss for the year from discontinued operations of \$0.1 million for the year ended 30 June 2014 relates to the olive grove operations.
- Revaluation of assets, net of tax of \$0.21 million for the year ended 30 June 2015 relates to the revaluation of the olive grove land and the water licence entitlement.

5.6 Capital Structure

The share structure of Queste as at 8 January 2016 is outlined below:

	Number
Total fully paid ordinary shares on issue	29,717,316
Top 20 shareholders	26,762,450
Top 20 shareholders - % of shares on issue	90.06%

Source: Queste share registry

The Company also has on issue 8.1 million unlisted ordinary shares that have been partly paid. The shares were issued at a price of \$0.20 and have been partly paid to \$0.015225 each. These shares carry voting rights proportional to the amount paid up per share.

The range of fully paid shares held in Queste as at 8 January 2016 is as follows:

Range of Shares Held	Number of Ordinary Shareholders	Number of Ordinary Shares	Percentage of Issued Shares (%)
1 - 1,000	11	7,227	0.024%
1,001 - 5,000	48	137,053	0.461%
5,001 - 10,000	59	550,425	1.852%
10,001 - 100,000	100	2,839,840	9.556%
100,001 - and over	24	26,182,771	88.106%
TOTAL	242	29,717,316	100.00%

Source: Queste share registry

The fully paid ordinary shares held by the most significant individual registered shareholders as at 8 January 2016 are detailed below:

Name	Number of Fully Paid Ordinary Shares Held	Percentage of Issued Shares (%)
Island Australia Pty Ltd	3,668,577	12.34%
Renmuir Holdings Ltd	3,277,780	11.03%
Chi Tung Investments Ltd	2,950,000	9.93%
Cleod Pty Ltd	2,748,490	9.25%
Bell IXL Investments Ltd	2,599,747	8.75%
Total Top 5	15,244,594	51.30%
Others	14,472,722	48.70%
Total ordinary shares on Issue	29,717,316	100.00%

Source: Queste share registry

The substantial shareholders, including shares held beneficially and covering both fully paid and partly paid shares, are summarised in the table below:

Substantial Shareholders	Fully Paid Shares Held	Partly Paid Shares Held	Voting Shares Held	% Voting Power
BELL IXL INVESTMENTS LIMITED AND ASSOCIATES				
Bell IXL Investments Limited	2,599,747		2,599,747	
Cellante Securities Pty Limited	2,053,282		2,053,282	
Cleod Pty Ltd	2,748,490		2,748,490	
Total	7,401,519	-	7,401,519	24.40%
AZHAR CHAUDHRI AND ASSOCIATES				
Mr Azhar Chaudhri	1,436,001		1,436,001	
Chi Tung Investments Ltd	2,950,000		2,950,000	
Renmuir Holdings Ltd	3,277,780		3,277,780	
Chi Tung Investments Ltd	-	8,100,000	616,613	
Total	7,663,781	8,100,000	8,280,394	27.30%
FAROOQ KHAN AND ASSOCIATE				
Farooq Khan	2,231,367		2,231,367	
Island Australia Pty Ltd	3,668,577		3,668,577	
Total	5,899,944	-	5,899,944	19.45%
MANAR NOMINEES PTY LTD AND ASSOCIATE				
Manar Nominees Pty Ltd	1,825,663		1,825,663	
Zelwer Superannuation Pty Ltd	180,500		180,500	
Total	2,006,163	-	2,006,163	6.61%

6. Economic analysis

Economic growth

The global economy is experiencing moderate growth, with further softening of conditions in China and East Asia being offset by stronger growth in the United States of America ('U.S.') and recovering European markets. Key commodity prices have fallen significantly and reflect increased world supply, including from Australia, in addition to weaker demand. This has resulted in the decline of Australia's terms of trade.

The Australian economy has continued to expand at a moderate pace, albeit at a rate below longer-term averages. Scarce business capital expenditure in both the mining and non-mining sectors has contributed to subdued growth levels, a trend expected to persist over the coming year. Furthermore, investment in the resources sector is forecast to decline significantly over the next few years as current projects reach completion stages.

Employment levels have exhibited some growth, accompanied by a steady rate of unemployment over the past year; however, the economy is likely to be operating with a degree of spare capacity for some time yet. Recent information confirms that domestic inflationary pressures have been contained and despite a lower exchange rate, should remain consistent with the target over the next one to two years.

Interest rates

The Reserve Bank of Australia ('RBA') decided to leave the cash rate unchanged at 2.00% for the month of December 2015. However, the governor Glenn Stevens has stated that the RBA expects to begin increasing its policy rate early next year.

The RBA's decision to maintain low interest rates has been made in order to support borrowing and spending in the Australian economy. Credit is recording moderate growth overall, driven by stronger borrowing by businesses and increased lending to the housing market in recent months. Furthermore, prices for equities and commercial property have been supported by lower long-term interest rates.

Globally, financial conditions remain very accommodative. Despite fluctuations in markets associated with the respective developments in China and Europe, long-term borrowing rates for most sovereigns and creditworthy private borrowers remain remarkably low.

Queste may be positively affected by low borrowing rates, as investors seek investments returning higher yields relative to the lower yields that long term interest rates can provide.

Foreign Exchange

Foreign exchange markets have continued to be influenced by the stance, both current and prospective, of monetary policy in the major advanced economies. The Australian dollar has depreciated against a rising U.S. dollar over the past year, though less so against a basket of currencies. Further depreciation seems both likely and necessary, particularly given the significant decline in key commodity prices. A lower exchange rate is likely required in order to achieve balanced growth in the economy.

A weaker Australian dollar is likely to attract additional foreign investment in Australian assets. Queste is well placed to benefit from the increased capital flows and resultant demand for Australian equities.



Commodity prices

Commodity prices have declined over the past year, in some cases sharply. Oil and iron ore in particular have fallen significantly. These trends can be attributed to a combination of lower growth in demand and increased supply. Low energy prices will act to strengthen global output and temporarily lower CPI inflation rates.

The overall decline in commodity prices may negatively affect Queste, as the performance of the companies within the commodities sector will dampen the overall value of funds under management.

Source: www.rba.gov.au *Statement by Glenn Stevens, Governor: Monetary Policy Decision 1 December 2015*

7. Industry analysis

Australian Funds Management Industry

Overview

Firms within the funds management industry are primarily engaged in providing funds management services including insurance funds management, public offer unit trusts, government funds and overseas funds. Participants within the industry generate income by providing portfolio investment services and investment consultant services.

The underlying investments may include Australian shares, international shares, private equity or specialist sectors such as resources. A range of investment techniques are utilised and differ from fund to fund with varying risk profiles. Investment managers may either be in house or contracted to an external organisation to manage the investment portfolio of the fund.

Major demand determinants of the growth of the funds management industry include the performance of the share market, the cash rate and the number of high-income earners.

The performance of the share market affects the value of the funds under management ('FUM') as fluctuations in the value of securities affect the asset values held in trusts and funds.

Interest rates influence investment allocations, which affect industry revenue and demand for industry services. Rising interest rates often negatively affect share market performance as this increases the cost of borrowings.

High-income earners relate to the top 20% of income earners after being ranked by disposable income. A higher proportion of disposable income earned by high-income earners increases the demand for fund management services as this demographic often employ fund managers to manage their wealth.

Current Performance

The amount of money managed by fund managers, or total assets, is commonly referred to as FUM. In 2015-16, assets invested by Australian fund managers on behalf of clients are forecast to reach \$959.6 billion. Industry revenue is projected to grow at an annualised 5.2% over the five years through 2015-16, driven by growth in FUM.

In 2015-16, industry revenue is expected to increase by 6.0% to reach \$7.8 billion as a result of Australia's growing number of high-net-worth individuals which has increased the demand for investment services.

Industry profitability is also expected to improve over the five years through to 2016 as the scale of operations increase in line with FUM and fund manager's experience from economies of scale and technological improvements whereby fund managers integrate their digital wealth platforms, offering clients greater convenience.

Industry Outlook

Industry revenue is forecast to grow at annualised rate of 2.2% over the five years through to 2020-21 to reach \$8.7 billion. This growth is influenced by several factors including an ageing population, growing wealth and new and evolving investment products.

Industry profitability is expected to only marginally increase over the next five years as productivity gains made through FUM growth become harder to realise along with downward management fee trends caused by rising competition.

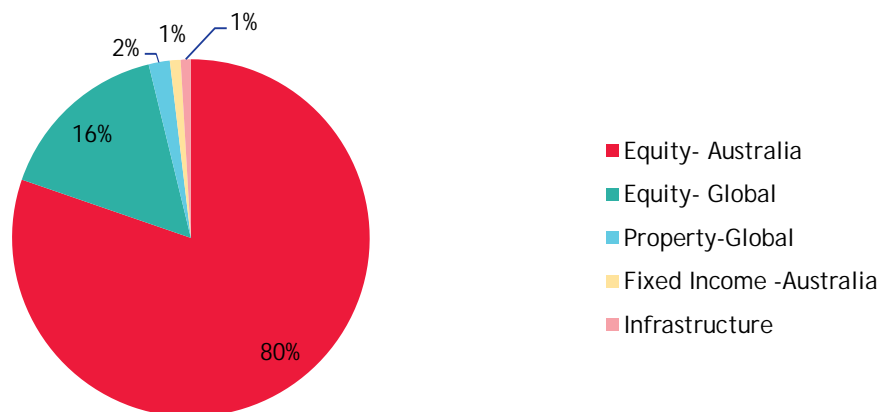
Listed Investment Companies

LICs are an ideal mechanism for investors to achieve portfolio diversification, via a single investment, as opposed to having to directly invest in multiple asset classes (i.e. shares, property and fixed income securities). Characteristics common to LICs include:

- LICs distribute their income through fully franked dividends;
- LICs are required to report their NTA per share on a regular basis and comment on whether or not the LIC is trading at a discount or premium to its NTA per share;
- LICs are closed-ended, meaning they do not regularly issue new shares or cancel shares as investors join and leave the fund;
- Investors buy and sell shares in LICs through the stock exchange;
- LICs generally have lower management expense/fees compared to unlisted management funds; and
- LICs generally have greater transparency than unlisted managed funds as they are subject to stricter corporate governance regulations as a result of being listed on a stock exchange.

Set out below is the asset spread of LICs, for the current period of December 2015:

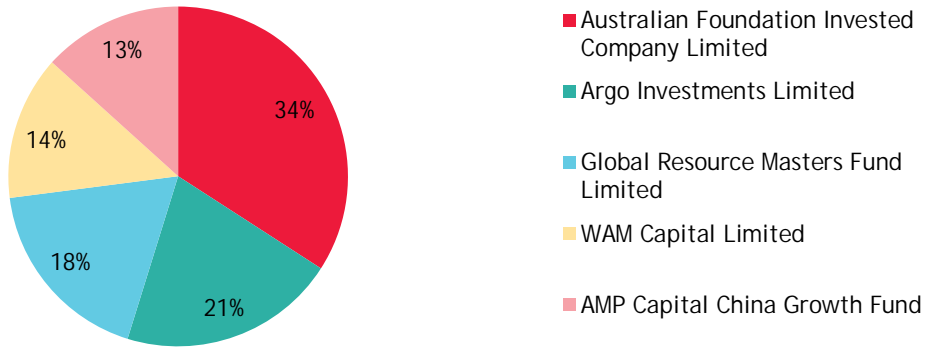
Asset spread of LICs for the current period of December 2015



Source: ASX Funds Monthly Update December 2015

The top five LIC's by value traded for the month ended December 2015 is set out below:

Top five LICs by value traded for the current period of December 2015



Source: ASX Funds Monthly Update December 2015

Olive Oil Industry

Overview

Firms within the olive oil industry are primarily engaged in growing olives to be further processed into table olives or olive oil. The industry is highly fragmented, ranging from small olive producers who grow fruit for the bulk olive oil market to large vertically integrated companies that supply table olives for supermarkets, target export markets and olive oil manufacturing.

Major constraints to the growth of the Australian olive oil industry include environmental factors such as drought and climate change, consumer loyalty and export competition. High import taxes imposed by European nations are a significant barrier to entry for Australian producers.

Current Performance

The last five years have been predominantly driven by global trading conditions for the final products. Historically, industry revenue contracted between the year 2010 and 2013 due to intense competition from imported olive product as a result of the high Australian dollar, which reduced the demand for Australian olives. Since 2013, the industry has rebounded with the rise in the world price of olive oil and the depreciation of the dollar.

Industry Outlook

Over the next five years, the olive growing industry is expected to grow at a stronger rate. Australian olive oil producers will benefit from Australia's reputation for farming high-quality agricultural products. Furthermore, the depreciating Australian dollar is anticipated to boost demand for Australian olive products. IBISWorld forecast that the industry revenue will grow at an annualised 2.7% over the five years through to 2020-21 to reach \$200.3 million.

Sources: IBISWorld, Australian Investors Association and ASX Funds Monthly Update December 2015

8. Valuation approach adopted

There are a number of methodologies which can be used to value a business or the shares in a company. The principal methodologies which can be used are as follows:

- Capitalisation of future maintainable earnings ('FME')
- Discounted cash flow ('DCF')
- Quoted market price basis ('QMP')
- Net asset value ('NAV')
- Market based assessment

A summary of each of these methodologies is outlined in Appendix 2.

Different methodologies are appropriate in valuing particular companies, based on the individual circumstances of that company and available information. In our assessment of the value of Queste shares we have chosen to employ the following methodologies:

- Net asset value
- Quoted market price basis

We have chosen these methodologies for the following reasons:

- Queste is a company that holds and manages a range of investments and therefore its underlying value is in the assets it holds;
- Queste is listed on the ASX, therefore there is a regulated and observable market on which the shares are traded. As such, an analysis of its trading history is relevant; and
- Future maintainable earnings and discounted cash flow methods are not appropriate to value Queste as there have not been consistent nor profitable earnings historically.

In valuing Queste's investment in Orion and the flow through investment in Bentley, we have used the NAV methodology as our primary methodology. We have considered the QMP of the listed companies, however our analysis in Appendix Three and Appendix Four indicates that a deep market does not exist for the shares, therefore we have not relied upon these QMP values.

9. Valuation of Queste prior to the Buy-back Proposal

9.1 Net Asset Valuation of Queste

We have valued Queste on a net asset basis based on unaudited management accounts at 30 November 2015. We have considered the management accounts of Queste, Orion and Bentley as at 30 November 2015 in light of the 30 June 2015 audited financials. We have performed review procedures on the 30 November 2015 financial information of Queste, Orion and Bentley where there have been material movements since 30 June 2015.

Set out below is the net asset valuation of Queste at 30 November 2015.

NAV	Note	Unaudited as at 30-Nov-15 \$	Adjustments \$	Adjusted NAV \$
CURRENT ASSETS				
Cash and cash equivalents	9.1.1	316,519	166,298	482,817
Financial assets at fair value through profit or loss	9.1.2	1,138,866	-	1,138,866
Trade and other receivables		13,341	-	13,341
Other current assets		23,533	-	23,533
TOTAL CURRENT ASSETS		1,492,259	166,298	1,658,557
NON-CURRENT ASSETS				
Trade and other receivables		57,120	-	57,120
Property held for development or resale		1,350,000	-	1,350,000
Investment in associate entity	9.1.3	4,311,911	1,155,423	5,467,334
Property, plant and equipment		1,990,677	-	1,990,677
Olive trees		65,500	-	65,500
Deferred tax asset		197,408	-	197,408
TOTAL NON-CURRENT ASSETS		7,972,616	1,155,423	9,128,039
TOTAL ASSETS		9,464,875	1,321,721	10,786,596
CURRENT LIABILITIES				
Trade and other payables		159,200	-	159,200
Provisions		113,627	-	113,627
TOTAL CURRENT LIABILITIES		272,827	-	272,827
NON-CURRENT LIABILITIES				
Deferred tax liability		197,408	-	197,408
TOTAL NON-CURRENT LIABILITIES		197,408	-	197,408
TOTAL LIABILITIES		470,235	-	470,235
NET ASSETS (control)		8,994,640	1,321,721	10,316,361
Non-controlling interest	9.1.4	3,402,921	389,147	3,792,068
		5,591,719	932,574	6,524,293

Source: BDO analysis

We note the following in relation to our net asset valuation of Queste.

9.1.1 Cash and cash equivalents

We have adjusted cash equivalents to reflect the receipt of the call on partly paid shares as set out below.

Cash and cash equivalents	\$
Cash and cash equivalents at 30 November 2015	316,519
Funds received on partly paid shares	166,298
Cash and cash equivalents at 30 November 2015	482,817

We have sighted bank reconciliations and bank statements of Queste, which support the cash and cash equivalents balance at 30 November 2015.

9.1.2 Financial assets at fair value through profit or loss

The table below presents a breakdown of the financial assets at fair value through profit or loss at 30 November 2015.

Breakdown of financial assets at fair value through profit or loss	\$
<u>Queste</u>	
Listed investments	15,926
Units in GBG Australian Equities Fund	280,648
Total value of Queste Portfolio	296,574
<u>Orion</u>	
Strike Resources	480,000
Other listed investments	2,373
Listed investments in Sentinel Portfolio	70,649
Listed exchange traded options in Sentinel Portfolio	4,216
Silver Sands Portfolio	2,203
Koorian Portfolio	2,203
Units in GBG Australian Equities Fund	280,648
Total value of Orion Portfolio	842,292
Total value of financial assets at fair value through profit or loss	1,138,866

Management have provided holding statements supporting the material balances above.

9.1.3 Investment in associate entity

The investment in associate entity relates to Orion's 27.32% interest in Bentley and Queste's 2.32% direct interest.

As outlined in section 8, we consider the NAV methodology to be the most appropriate methodology in valuing Queste's indirect and direct interest in Bentley. Our net asset valuation of Bentley is set out below.

NAV of Bentley	Note	Unaudited 30-Nov-15 \$	Adjustments \$	Adjusted NAV \$
CURRENT ASSETS				
Cash and cash equivalents	a	7,218,781	(1,000,000)	6,218,781
Financial assets at fair value through profit or loss	b	8,456,461	1,000,000	9,456,461
Trade and other receivables		38,199	-	38,199
Other current assets		15,029	-	15,029
TOTAL CURRENT ASSETS		15,728,470	-	15,728,470
NON-CURRENT ASSETS				
Trade and other receivables		45,551	-	45,551
Investment in associate entity	c	2,792,286	(59,504)	2,732,782
Property, plant and equipment		16,239	-	16,239
Intangible assets	d	663,552	-	663,552
Deferred tax asset		107,950	-	107,950
TOTAL NON-CURRENT ASSETS		3,625,578	(59,504)	3,566,074
TOTAL ASSETS		19,354,048	(59,504)	19,294,544
CURRENT LIABILITIES				
Trade and other payables		120,009	-	120,009
Provisions		620,790	-	620,790
TOTAL CURRENT LIABILITIES		740,799	-	740,799
NON-CURRENT LIABILITIES				
Deferred tax liability		107,950	-	107,950
TOTAL NON-CURRENT LIABILITIES		107,950	-	107,950
TOTAL LIABILITIES		848,749	-	848,749
NET ASSETS (control)		18,505,299	(59,504)	18,445,795

We note the following in relation to the above net asset valuation of Bentley.

Note a) Cash and cash equivalents

Management have provided us with bank statements, term deposit statements and bank reconciliations supporting the cash and cash equivalents balance at 30 November 2015. The most significant movements in cash over the period from 1 July 2015 to 30 November 2015 related to Bentley's sale of its interest in Malopo Energy Limited for cash consideration of \$13.167 million. Bentley also made an off-market takeover offer of \$0.055 per share of Strike Resources Limited. As at 30 November 2015, Bentley had paid \$2.89 million in acceptances. Subsequent to 30 June 2015, Bentley also purchased shares in BHP Billiton Limited ('BHP'), National Australia Bank Limited ('NAB') and Westpac Banking Corporation ('WBC'), which is reflected in the 30 November 2015 management accounts. We have sighted holding statements supporting these acquisitions.

We have also made the following adjustments to cash and cash equivalents for significant transactions occurring subsequent to 30 November 2015.

Cash and cash equivalents		\$
Cash and cash equivalents at 30 November 2015		7,218,781
Purchase of additional 599,984 units in GBG Australian Equities Fund		(1,000,000)
Adjusted cash and cash equivalents		<u>6,218,781</u>

Note b) Financial assets at fair value through profit or loss

The financial assets at fair value through profit or loss mainly comprises Bentley's holding in GBG Australian Equities Fund as set out below.

Financial assets at fair value through profit or loss		\$
GBG Australian Equities Fund		5,606,622
Other listed investments		2,849,839
Financial assets at fair value through profit or loss at 30 November 2015		8,456,461
Purchase of additional units in GBG Australian Equities Fund		1,000,000
Adjusted balance of financial assets		<u>9,456,461</u>

As outlined in note a), On 12 January 2016 Bentley acquired 599,984 units in GBG Australian Equities Fund at a price of approximately \$1.667 per unit, we have adjusted cash and financial assets at fair value through profit or loss accordingly.

We have verified the material balances to holding statements provided by management of Queste.

Note c) Investment in associate entity

The investment in associate relates to Bentley's holding in Strike. As outlined in Appendix Three, we consider there to be a deep market for Strike's shares as the shares display a moderate level of liquidity, with approximately 25% of its issued capital trading in the past twelve months. Also, our analysis of the Company's share price movements over the twelve months to 15 January 2016 indicates that there are no significant unexplained price movements and that the share price movements following key announcements indicate that the market is fully informed as to the Company's activities. We have also used the takeover bid price of \$0.055 as a cross check to our QMP valuation. Based on our analysis in Appendix Three, our preferred value of a Strike share is \$0.052. The adjusted value of Bentley's investment in Strike is detailed below.

Investment in associate entity		\$
Number of Strike shares held		52,553,493
Assessed value of a Strike share		0.052
Assessed value of Bentley's investment in Strike		<u>2,732,782</u>

Note d) Intangible assets

The intangible assets relate to software development costs. We have sighted an accounting paper outlining the characteristics of each software item. The balance at 30 November 2015 has not moved

materially from the balance included in the audited financial statements at 30 June 2015 therefore we have not made any adjustment to the book value of intangibles at 30 November 2015.

Conclusion on adjustment to value of investment in associate

We have adjusted Queste's investment in associate for the adjustments made to Orion's 27.32% interest in Bentley and the adjustments made to Queste's 2.32% direct interest in Bentley. These adjustments at the Queste level are set out below.

Non-controlling interest		\$
Adjusted net asset of Bentley	18,445,795	
Queste's direct interest in Bentley	2.32%	
Value of Queste's direct interest in Bentley	427,942	
Value of Queste's indirect (through Orion) interest in Bentley	5,039,391	
Total value of Queste's interest in Bentley	5,467,334	

9.1.4 Non-controlling interest

The value of Orion is consolidated into Queste on a 100% basis, therefore the non-controlling interest represents the portion of Orion that Queste does not own. In order to assess the value of Queste, we must therefore value Orion and remove the value of the non-controlling interest. As detailed in section 8 we consider it most appropriate to value Orion on a net asset basis. We also considered the QMP valuation methodology, however our analysis in Appendix Five indicates that there is not a deep market for Orion's shares and therefore we have relied solely on the net asset methodology.

Our net asset valuation of Orion based on unaudited management accounts as at 30 November 2015 is set out below.

NAV of Orion	Ref	Unaudited as at 30-Nov-15 \$	Adjustments \$	Adjusted NAV \$
CURRENT ASSETS				
Cash and cash equivalents	a	268,993	-	268,993
Financial assets at fair value through profit or loss	b	842,292	-	842,292
Trade and other receivables		3,286	-	3,286
Other current assets		12,313	-	12,313
TOTAL CURRENT ASSETS		1,126,884	-	1,126,884
NON-CURRENT ASSETS				
Trade and other receivables		18,333	-	18,333
Property held for development or resale	c	1,350,000	-	1,350,000
Investment in associate entity	d	4,069,845	969,546	5,039,391
Property, plant and equipment		1,972,661	-	1,972,661
Olive trees		65,500	-	65,500
Deferred tax asset		176,100	-	176,100
TOTAL NON-CURRENT ASSETS		7,652,439	969,546	8,621,985
TOTAL ASSETS		8,779,323	969,546	9,748,869
CURRENT LIABILITIES				
Trade and other payables		93,050	-	93,050
Provisions		32,613	-	32,613
TOTAL CURRENT LIABILITIES		125,663	-	125,663
NON-CURRENT LIABILITIES				
Deferred tax liability		176,100	-	176,100
TOTAL NON-CURRENT LIABILITIES		176,100	-	176,100
TOTAL LIABILITIES		301,763	-	301,763
NET ASSETS (control)		8,477,560	969,546	9,447,106

We note the following in relation to the net assets of Orion.

Note a) Cash and cash equivalents

Management have provided bank statements and bank reconciliations which support the cash balance at 30 November 2015.

Note b) Financial assets at fair value through profit or loss

Orion's financial assets at fair value through profit or loss mainly comprises its holding in Strike as set out below.

Financial assets at fair value through profit or loss		\$
Number of shares held in Strike		10,000,000
Value per share per management accounts		0.048
Value of shares held in Strike		480,000
Value of other listed investments		362,292
Unadjusted value of financial assets at 30 November 2015		842,292

Management have provided holding statements which support the number of shares held for the material holdings comprising the financial assets at fair value through profit or loss balance.

Note c) Property held for development or resale

The property held for development or resale was revalued by an independent qualified valuer (a Certified Practising Valuer and Associate member of the Australian Property Institute) as at 30 June 2015. We do not consider the market value of this property to have materially changed between 1 July 2015 and our valuation date.

Note d) Investment in associate

Orion's investment in associate relates to its 27.32% direct interest in Bentley. Therefore, in order to present the value of Orion's interest in Bentley we have valued Bentley. Our analysis in section 9.1.3 indicates that the net asset value of Bentley is \$18,445,795. Therefore, our assessment of Orion's interest in Bentley is \$5,039,391 as set out below.

Investment in associate entity		\$
Unadjusted net asset value of Bentley		18,505,299
Adjustments to the net assets of Bentley		(59,504)
Adjusted net asset value of Bentley		18,445,795
Percentage held by Orion		27.32%
Value of Orion's interest in Bentley		5,039,391

We note that the unadjusted value of the investment in associate on Orion's balance sheet includes Orion's share of Bentley's profits and losses. We have excluded Orion's share of Bentley's accumulated losses of approximately \$1.496 million from the adjusted net asset value of Orion as this is an accounting adjustment and is already reflected in the net asset valuation. This explains how the value of the investment has increased, however the net assets of Bentley has decreased (see section 9.1.3).

9.2 Allocation of net assets

The net asset value derived in section 9.1 relates to Queste as a whole and therefore needs to be appropriately allocated to both fully and partly paid ordinary shareholders. The following table shows the current capital structure of Queste:

Queste	Share capital structure
Fully paid shares on issue	29,717,316
Partly paid shares on issue	8,100,000

Based on the terms of these partly paid shares the holder shall have a fraction of a vote and portion of the dividends for each partly paid share being equivalent to the proportion of the amount actually paid.

Based on the split of fully paid and partly paid issued capital in the financial statements at 31 December 2015, we have determined that the portion of the Company attributable to the fully paid and partly paid holders are as follows:

Queste	Issued capital \$	Portion of issued capital as %
Fully paid shares	6,209,170	96.5%
Partly paid shares	225,573	3.5%
	<u>6,434,743</u>	<u>100.0%</u>

Based on the calculated percentages of paid up issued capital above, the net assets have been allocated as follows:

Allocation of net assets	Portion of ownership %	Net assets attributable \$	Value per share \$
Fully paid shares on issue	96.5%	6,295,942	0.2119
Partly paid shares on issue	3.5%	228,350	0.0282
	100.0%	6,524,293	

9.3 Application of Minority discount

Net Asset Value is the valuation derived for the Company as a whole. Therefore this valuation method is essentially on a controlling basis and a minority interest discount needs to be applied to allow a comparison to be made to the consideration offered.

To determine an appropriate minority discount we have reviewed the control premiums paid by acquirers of companies listed on the ASX. The minority discount applicable would be the inverse to any deemed control premium. We have summarised our findings below:

All ASX Companies

Year	Number of Transactions	Average Deal Value (AU\$m)	Average Control Premium (%)
2015	18	1012.72	23.55
2014	43	463.35	31.16
2013	43	177.79	43.36
2012	55	322.52	37.03
2011	67	766.18	48.45
2010	69	741.25	37.60
2009	64	328.15	46.22
2008	42	743.72	39.04
2007	63	1262.32	22.68
	Mean	646.44	36.57
	Median	741.25	37.60

Source: Bloomberg and BDO analysis

The above table indicates that the long term average control premium paid by acquirers of all companies on the ASX is approximately 36.57%.

In arriving at an appropriate control premium to apply we note that observed control premiums can vary due to the:

- Nature and magnitude of non-operating assets;
- Nature and magnitude of discretionary expenses;
- Perceived quality of existing management;
- Nature and magnitude of business opportunities not currently being exploited;
- Ability to integrate the acquiree into the acquirer's business;
- Level of pre-announcement speculation of the transaction; and
- Level of liquidity in the trade of the acquiree's securities.

Based on the analysis above, we consider the long-term control premium paid for ASX-listed companies is in the order of 25% to 35%. Based on these control premiums the calculated minority interest discount ranges between 20% to 26%. We deemed all ASX listed companies to be relevant given the variety of listed investments and subsidiaries held by Queste.

The results of the valuations performed are summarised in the table below:

	Low \$	Preferred \$	High \$
Net assets value per fully paid share (Section 9.2)	0.2119	0.2119	0.2119
Minority discount	26%	23%	20%
Net assets value per fully paid share post discount	0.1568	0.1632	0.1695
Net assets value per partly paid share (Section 9.2)	0.0282	0.0282	0.0282
Minority discount	26%	23%	20%
Net assets value per partly paid share post discount	0.0209	0.0217	0.0226

9.4 Partly paid share value

Based on the terms of the partly paid shares as noted in Appendix 6, there is an additional option value that needs to be considered. The implicit option value of a partly paid share is the ability of the holder to defer the unpaid portion of the shares.

We have determined the present value of interest cash flows earned by a holder of the partly paid shares, invested at the risk free rate, as an alternative to paying up the shares. In accordance with the terms of the partly paid shares, we have assumed that two calls may be made per year by Queste, requiring the holders to pay up to 20% of the remaining unpaid balance of these shares over a 20 year period. For the purposes of our valuation, we have assumed that 10% of the remaining balance will be repaid over a period of ten years. Based on the value of these cash flows, the additional option value attributable to a partly paid holder is \$0.0204 per share.

	Low \$	Preferred \$	High \$
Net assets value per partly paid share post discount	0.0209	0.0217	0.0226
Additional option value	0.0204	0.0204	0.0204
Total value of partly paid share net asset allocation	0.0413	0.0421	0.0430

The above table indicates a value range of between \$0.0413 and \$0.0430, with a preferred value of \$0.0421 for a partly paid share on a minority basis.

9.5 Alternative partly paid share value

As an alternative valuation method we have also valued the entire partly paid share as an option, using the Black Scholes option pricing model. For further details and assumptions adopted in valuing the option refer to Appendix 6. Based on this analysis a partly paid share has been valued at \$0.046 per share.

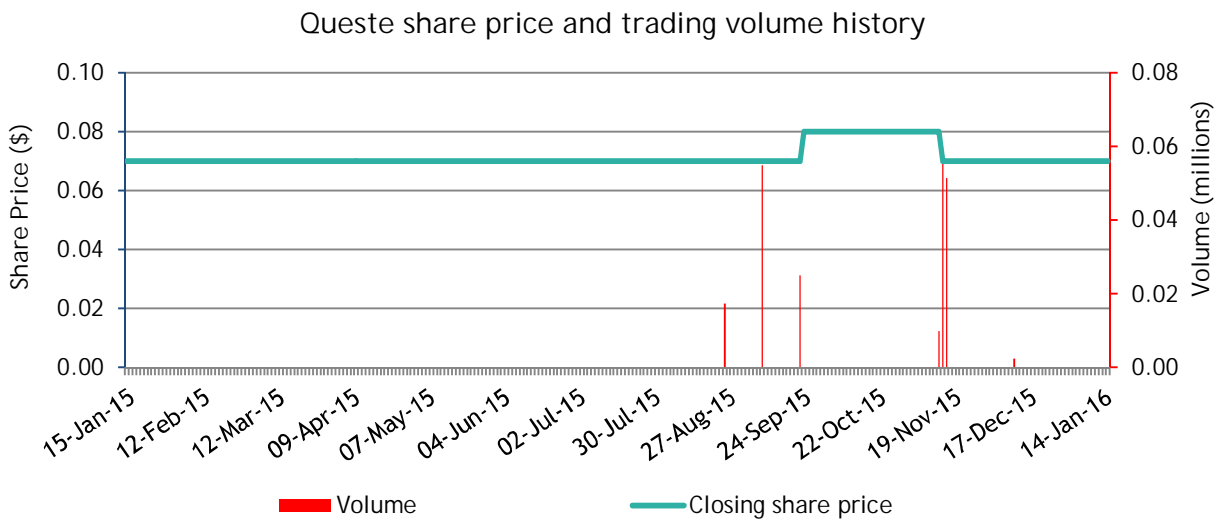
9.6 Quoted Market Prices for Queste's Securities

To provide a comparison to the valuation of Queste in Section 9.3, we have also assessed the quoted market price for a Queste share.

The quoted market value of a company’s shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Minority interest value

Our analysis of the quoted market price of a Queste share is based on pricing prior to 15 January 2016. The following chart provides a summary of the share price movement over the twelve months to 15 January 2016.



Source: Bloomberg

The daily price of Queste shares from 15 January 2015 to 15 January 2016 ranged from a low of \$0.07 on 15 January 2015 to a high \$0.08 on 23 September 2015. The chart above indicates there was minimal trading in the Company’s shares over the twelve month period to 15 January 2016. The highest single day of trading was on 16 November 2015, in which 58,600 shares were traded.

During this twelve month period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
11/01/2016	December 2015 Monthly Cash Flow Report	0.070	▶ 0.0%	0.070	▶ 0.0%
14/12/2015	November 2015 Monthly Cash Flow Report	0.070	▶ 0.0%	0.070	▶ 0.0%
11/12/2015	Appendix 3B Application for Quotation 900,000 shares	0.070	▶ 0.0%	0.070	▶ 0.0%
13/11/2015	October 2015 Quarterly Cash Flow Report	0.070	▼ 12.5%	0.070	▶ 0.0%
12/11/2015	Results of 2015 AGM	0.080	▶ 0.0%	0.070	▼ 12.5%

12/11/2015	Summary of Proxies Received for 2015 AGM	0.080	▶	0.0%	0.070	▼	12.5%
14/10/2015	Annual Report - 2015	0.080	▶	0.0%	0.080	▶	0.0%
13/10/2015	September 2015 Quarterly Cash Flow Report	0.080	▶	0.0%	0.080	▶	0.0%
13/10/2015	Monthly Cashflow Report September 2015	0.080	▶	0.0%	0.080	▶	0.0%
14/09/2015	Monthly Cashflow Report August 2015	0.070	▶	0.0%	0.070	▶	0.0%
01/09/2015	30 June 2015 Full Year Report	0.070	▶	0.0%	0.070	▶	0.0%
13/08/2015	Monthly Cashflow Report July 2015	0.070	▶	0%	0.070	▶	0%
15/07/2015	June 2015 Quarterly Cash Flow Report	0.070	▶	0%	0.070	▶	0%
13/07/2015	Monthly Cashflow Report June 2015	0.070	▶	0%	0.070	▶	0%
12/06/2015	Monthly Cashflow Report May 2015	0.070	▶	0%	0.070	▶	0%
13/05/2015	Monthly Cashflow Report April 2015	0.070	▶	0%	0.070	▶	0%
16/04/2015	March 2015 Quarterly Cash Flow Report	0.070	▶	0%	0.070	▶	0%
14/04/2015	Monthly Cashflow Report March 2015	0.070	▶	0%	0.070	▶	0%
13/03/2015	Monthly Cashflow Report February 2015	0.070	▶	0%	0.070	▶	0%
12/02/2015	Monthly Cashflow Report January 2015	0.070	▶	0%	0.070	▶	0%

The above analysis of the market's reaction to the Company's announcements over the twelve months prior to the date of this report highlights the low level of liquidity of the Company's shares.

To provide further analysis of the market prices for a Queste share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 15 January 2016.

	15-Jan-16	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.070				
Weighted Average		\$0.070*	\$0.070	\$0.070	\$0.072

Source: Bloomberg & BDO analysis

*We note that there has been no trading in the Company's shares over the 10 days prior to 15 January 2016, therefore the VWAP presented is the 30 day VWAP.

An analysis of the volume of trading in Queste shares for the twelve months to 15 January 2016 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.070	\$0.070	-	0.00%
10 Days	\$0.070	\$0.070	-	0.00%
30 Days	\$0.070	\$0.070	2,500	0.01%
60 Days	\$0.070	\$0.080	122,500	0.41%
90 Days	\$0.070	\$0.080	147,500	0.50%
180 Days	\$0.070	\$0.080	220,000	0.74%
1 Year	\$0.070	\$0.080	220,000	0.74%

Source: Bloomberg, BDO analysis

This table indicates that the Company's shares display a low level of liquidity, with approximately 1% of the Company's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria for the market to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Queste, we do not consider there to be a deep market for the Company's shares as less than 1% of the Company's issued capital traded in a twelve month period. This is supported by the market's lack of responsiveness to the announcements made over this period.

Our assessment is that a range of values for Queste shares based on market pricing, is between \$0.070 and \$0.072.

9.7 Assessment of Queste Value

The results of the valuations performed for fully paid ordinary shares are summarised in the table below:

Fully paid ordinary shares	Low	Preferred	High
	\$	\$	\$
Net assets value on a minority interest basis (Section 9.3)	0.1568	0.1632	0.1695
ASX market prices (Section 9.6)	0.070	0.071	0.072

Source: BDO analysis

We note that the value of a fully paid Queste Share based on ASX market prices is less than the value based on the Net Asset Value. The shares of Queste have historically traded at a discount to its underlying Net Asset Value. In addition, the Queste share price analysis revealed an illiquid stock with limited trades.

Based on these factors a Net Asset Value is deemed to be the most appropriate valuation method. We consider the value of a fully paid Queste share to be in the range of \$0.1568 to \$0.1695 with a preferred value of \$0.1632.

The results of the valuations performed for partly paid ordinary shares are summarised in the table below:

Partly paid ordinary shares	Low	Preferred	High
	\$	\$	\$
Combined net assets value (Section 9.4)	0.0413	0.0421	0.0430
Option valuation approach (Section 9.5)	0.0460	0.0460	0.0460

Source: BDO analysis

Based on the above we note that a combined net asset value approach is reasonably consistent with the option value model.

Given a net asset valuation approach has been used above for fully paid shares we deem it more appropriate to use a combined net asset valuation approach. We consider the value of a partly paid share to be between \$0.0413 and \$0.0430 with a preferred value of \$0.0421.

10. Valuation of consideration offered

Consideration offered was determined by the Queste board of directors and is noted below:

	\$
Consideration for each fully paid ordinary share	0.0900
Consideration for each partly paid ordinary share	0.0045

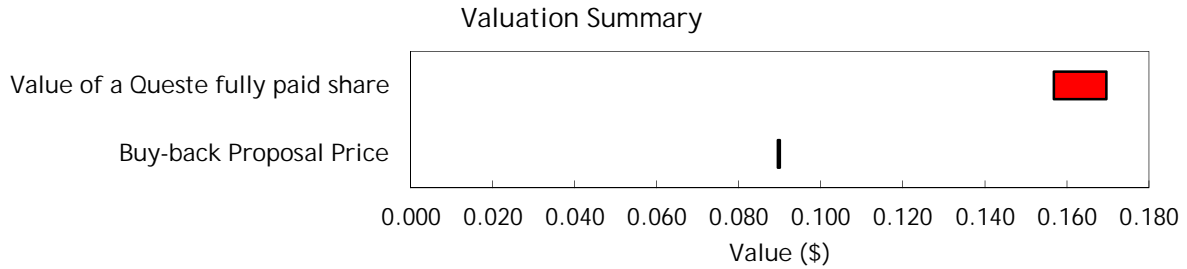
11. Is the Buy-back Proposal fair?

If the assessed value of Queste shares in each class is lower than the Buy-back Proposal Price for shares in the relevant class then the Buy-back Proposal can be assessed as fair. The valuation of a fully paid Queste Share and the Buy-back Proposal Price are compared below:

Fully paid ordinary shares	Ref	Low	Preferred	High
		\$	\$	\$
Value of a Queste fully paid ordinary share	9.7	0.1568	0.1632	0.1695
Buy-back Proposal Price	10	0.0900	0.0900	0.0900

Source: BDO analysis

The above valuation ranges are graphically presented below:

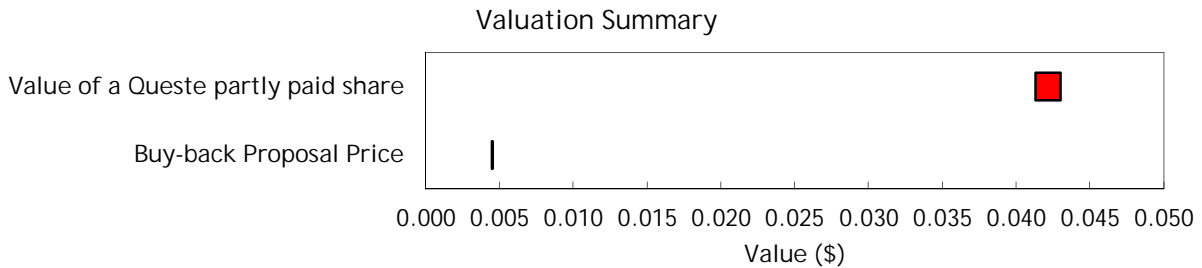


The above pricing indicates that, in the absence of any other relevant information, the Buy-back Proposal is not fair for fully paid ordinary shareholders who participate. Conversely, because participation in the Buy-back Proposal will result in an increase in the value of a share following the Buy-back Proposal, the Buy-back Proposal is fair for fully paid ordinary shareholders who do not participate.

Partly paid ordinary shares	Ref	Low \$	Preferred \$	High \$
Value of a Queste partly paid ordinary share	9.7	0.0413	0.0421	0.0430
Buy-back Proposal Price	10	0.0045	0.0045	0.0045

Source: BDO analysis

The above valuation ranges are graphically presented below:



The above pricing indicates that, in the absence of any other relevant information the Buy-back Proposal is not fair for the partly paid ordinary shareholder, if that Shareholder participates. Conversely, because participation in the Buy-back Proposal will result in an increase in the value of a share following the Buy-back Proposal, the Buy-back Proposal is fair for the partly paid ordinary shareholders who do not participate.

12. Is the Buy-back Proposal reasonable?

12.1 Alternative Buy-back Proposal

We are unaware of any alternative Buy-back Proposal that might offer the Shareholders of Queste a premium over the value ascribed to that resulting from the Buy-back Proposal.

12.2 Advantages of Approving the Buy-back Proposal

We have considered the following advantages when assessing whether the Buy-back Proposal is reasonable. We have considered these from the viewpoint of both Shareholders participating and of Shareholders not participating in the Buy-back Proposal for both fully paid and partly paid Shareholders.

Advantage	Description
Shareholders that participate in the Buy-back Proposal:	
Shareholders will have the opportunity to sell their Shares at a price above the ASX price	In section 9.6 we analysed the quoted market price of a Queste share. This revealed the shares are not trading in a liquid market and that other consideration offered to fully paid shareholders was slightly above the quoted market price.
Shareholders will have an equal opportunity to sell their Shares	All eligible Shareholders have an equal opportunity to participate.
Flexibility in the level of participation	All Shareholders have flexibility to tailor the level of their participation to suit their individual circumstances. The associated value of this advantage will vary for each Shareholder.
No brokerage payable	Shareholders will not have to appoint a stockbroker to sell their shares in the off-market Buy-back and will therefore not have to incur a brokerage fee.

Advantage	Description
Shareholders that do not participate in the Buy-back Proposal:	
Increase in Net Asset Value per share for remaining shareholders	The Net Asset Value per share can be expected to increase as a result of the Buy-back Proposal as the Buy-back consideration is at a discount to its Net Asset value per share. The size of the impact will depend on the level of take-up under the Buy-back Proposal.
The Buy-back Proposal will not cause a decrease in the market value of Shares	The Buy-back Proposal is not expected to cause the Company's share price to significantly decrease, as opposed to selling the Shares on the ASX which may cause such a decrease. This will be of benefit to the continuing Shareholders.
Remaining shareholders will have an increased percentage holding in the Company	Shares bought back under the Buy-back Proposal will be cancelled, and as a result the remaining shareholders will have a greater proportional interest in the Company. This assumes that despite the Buy-back Proposal being equal access not all shareholders will participate. This will arise from the Buy-back Proposal and will be at no cost to those holders.

12.3 Disadvantages of Approving the Buy-back Proposal

If the Buy-back Proposal is approved, in our opinion, the potential disadvantages to Shareholders include those listed in the table below:

Disadvantage	Description
Shareholders that participate in the Buy-back Proposal:	
Shareholders may not be able to realise their full investment	As the Buy-back Proposal is capped, shareholders that choose to participate fully may not be able to realise all their shares.
Holders of shares that are bought back will not benefit from any potential future increases in the NTA	Following the Buy-back Proposal, those Shareholders that do participate will no longer hold an interest in the Company in respect of those Shares that are bought back, and therefore would no longer be exposed to any potential future increases in the net tangible assets of the Company. This may not suit the risk profile of continuing Shareholders.

Disadvantage	Description
Shareholders that do not participate in the Buy-back Proposal:	
Decreased assets to invest	The Buy-back Proposal would decrease the cash assets which the Company has to invest.
Availability of funds	Queste will fund the Buy-Back up to \$300,000 worth of partly and fully paid ordinary share capital. Queste intends to fund the Buy-back Proposal via cash and therefore will have less available cash on hand.
Decreased liquidity	There are currently 29.72 million fully paid shares on issue. Of these, up to 3.33 million may be bought under the Buy-back Proposal. Therefore, for remaining shareholders the Buy-back Proposal may result in a further reduction of liquidity If Shareholders participate in the Buy-back Proposal, there will be a reduction in the number of Shares on issue which may decrease liquidity of the Company's shares.
Decreased diversification	There will be fewer funds to invest which may result in less diversification of funds for the Company. This may not suit the risk profile of continuing Shareholders.
Decreased earnings per share	Following a decrease in the size of the Company's asset base and number of shares on issue, ongoing fixed costs will be spread over a smaller number of shares resulting in a decrease in earnings per share.

13. Conclusion

We have considered the terms of the Buy-back Proposal as outlined in the body of this report and have concluded that the Buy-back Proposal:

- is fair and reasonable to Shareholders who do not participate in the Buy-back; and
- is not fair but reasonable to Shareholders who participate in the Buy-back.

We consider that the Buy-back Proposal is fair to Shareholders who do not participate because the proposed buy back price is below the per share assessed value range of a Queste share. Therefore, the Buy-back Proposal will be value accretive for those Shareholders who do not participate (provided at least some Shareholders participate).

We consider that the Buy-back Proposal is not fair to Shareholders who participate because the proposed buy back price is below the per share assessed value range of a Queste share.

However, we consider the Buy-back Proposal to be reasonable because the advantages of the Buy-back Proposal to Shareholders are greater than the disadvantages. In particular, it allows Shareholders to choose whether to participate; participation provides the opportunity to realise at least part of their investment for cash in a low liquidity market, at a rate above the current share price, whereas, non-participation provides for an increase in the net asset backing (provided at least some Shareholders participate).

14. Sources of information

This report has been based on the following information:

- Draft Notice of General Meeting and Explanatory Statement dated on or about the date of this report;
- Audited financial statements of Queste for the years ended 30 June 2015 and 30 June 2014;
- Unaudited management accounts of Queste for the period from 1 July 2015 to 30 November 2015;
- Supporting documentation for the material balances of Queste at 30 November 2015;
- Audited financial statements of Orion for the year ended 30 June 2015;
- Unaudited management accounts of Orion for the period from 1 July 2015 to 30 November 2015;
- Supporting documentation for the material balances of Orion at 30 November 2015;
- Audited financial statements of Bentley for the year ended 30 June 2015;
- Unaudited management accounts of Bentley for the period from 1 July 2015 to 30 November 2015;
- Supporting documentation for the material balances of Bentley at 30 November 2015;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Queste.

15. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$12,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this Report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Queste in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Queste, including the non provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Queste and any of their respective associates with reference to ASIC Regulatory Guide 112 "Independence of Experts". In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Queste and their respective associates.

The provision of our services is not considered a threat to our independence as auditors under Professional Statement APES 110 - Professional Independence. The services provided have no material impact on the financial report of Queste.

A draft of this report was provided to Queste and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

16. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investment Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes and Adam Myers of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Member of the Institute of Chartered Accountants in Australia. He has over twenty five years experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 250 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Chairman of BDO in Western Australia, Corporate Finance Practice Group Leader of BDO in Western Australia and the Natural Resources Leader for BDO in Australia.

Adam Myers is a member of the Australian Institute of Chartered Accountants. Adam's career spans 18 years in the Audit and Assurance and Corporate Finance areas. Adam has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

17. Disclaimers and consents

This report has been prepared at the request of Queste for inclusion in the Explanatory Statement which will be sent to all Queste Shareholders. Queste engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider the fairness and reasonableness of the Buy-back Proposal of partly and fully paid shares for cash consideration.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the above Explanatory Statement. Apart from such use, neither the whole nor any part of this report, nor any reference thereto may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Explanatory Statement other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. The Directors of the Company are responsible for conducting appropriate due diligence in relation to Queste. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

The forecasts provided to BDO Corporate Finance (WA) Pty Ltd by Queste and its advisers are based upon assumptions about events and circumstances that have not yet occurred. Accordingly, BDO Corporate Finance (WA) Pty Ltd cannot provide any assurance that the forecasts will be representative of results that will actually be achieved. BDO Corporate Finance (WA) Pty Ltd disclaims any possible liability in respect of these forecasts. We note that the forecasts provided do not include estimates as to the effect of any future emissions trading scheme should it be introduced as it is unable to estimate the effects of such a scheme at this time.

With respect to taxation implications it is recommended that individual Shareholders obtain their own taxation advice, in respect of the Buy-back Proposal, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the Shareholders of Queste, or any other party.



The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd has no obligation to update this report for events occurring subsequent to the date of this report.

Yours faithfully

BDO CORPORATE FINANCE (WA) PTY LTD

A handwritten signature in black ink, appearing to read 'Sherif Andrawes', written over a light grey rectangular background.

Sherif Andrawes

Director

A handwritten signature in blue ink, appearing to read 'Adam Myers', written over a light grey rectangular background.

Adam Myers

Director

Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BDO	BDO Corporate Finance (WA) Pty Ltd
Bentley	Bentley Capital Limited
BHP	BHP Billiton Limited
Buy-back Proposal Price	Shares will be bought back at a price of \$0.09 for the fully paid shares and \$0.0045 for the partly paid shares
The Company	Queste Communications Ltd
DCF	Discounted Future Cash Flows
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
FME	Future Maintainable Earnings
FUM	Funds under management
NAB	National Australia Bank Limited
NAV	Net Asset Value
Orion	Orion Equities Limited a subsidiary of Queste
Our Report	This Independent Expert's Report prepared by BDO
Queste	Queste Communications Ltd
RBA	Reserve Bank of Australia
RG 110	Share Buy-backs



RG 111	Content of expert reports (March 2011)
RG 112	Independence of experts (March 2011)
The Buy-back Proposal	The Buy-back of partly and fully paid ordinary shares for cash consideration of \$0.09 and \$0.0045 respectively
Shareholders	Shareholders of Queste not associated with Buy-back Proposal
Strike	Strike Resources Limited
U.S.	United States of America
VWAP	Volume Weighted Average Price
Valuation Engagement	An Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.
WBC	Westpac Banking Corporation

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The Directors
BDO Corporate Finance (WA) Pty Ltd
38 Station Street
SUBIACO, WA 6008
Australia

Appendix 2 – Valuation Methodologies

Methodologies commonly used for valuing assets and businesses are as follows:

1 *Net asset value (“NAV”)*

Asset based methods estimate the market value of an entity’s securities based on the realisable value of its identifiable net assets. Asset based methods include:

- Orderly realisation of assets method
- Liquidation of assets method
- Net assets on a going concern method

The orderly realisation of assets method estimates fair market value by determining the amount that would be distributed to entity holders, after payment of all liabilities including realisation costs and taxation charges that arise, assuming the entity is wound up in an orderly manner.

The liquidation method is similar to the orderly realisation of assets method except the liquidation method assumes the assets are sold in a shorter time frame. Since wind up or liquidation of the entity may not be contemplated, these methods in their strictest form may not be appropriate. The net assets on a going concern method estimates the market values of the net assets of an entity but does not take into account any realisation costs.

Net assets on a going concern basis are usually appropriate where the majority of assets consist of cash, passive investments or projects with a limited life. All assets and liabilities of the entity are valued at market value under this alternative and this combined market value forms the basis for the entity’s valuation.

Often the FME and DCF methodologies are used in valuing assets forming part of the overall Net assets on a going concern basis. This is particularly so for exploration and mining companies where investments are in finite life producing assets or prospective exploration areas.

These asset based methods ignore the possibility that the entity’s value could exceed the realisable value of its assets as they do not recognise the value of intangible assets such as management, intellectual property and goodwill. Asset based methods are appropriate when an entity is not making an adequate return on its assets, a significant proportion of the entity’s assets are liquid or for asset holding companies.

2 *Quoted Market Price Basis (“QMP”)*

A valuation approach that can be used in conjunction with (or as a replacement for) other valuation methods is the quoted market price of listed securities. Where there is a ready market for securities such as the ASX, through which shares are traded, recent prices at which shares are bought and sold can be taken as the market value per share. Such market value includes all factors and influences that impact upon the ASX. The use of ASX pricing is more relevant where a security displays regular high volume trading, creating a “deep” market in that security.

3 *Capitalisation of future maintainable earnings ("FME")*

This method places a value on the business by estimating the likely FME, capitalised at an appropriate rate which reflects business outlook, business risk, investor expectations, future growth prospects and other entity specific factors. This approach relies on the availability and analysis of comparable market data.

The FME approach is the most commonly applied valuation technique and is particularly applicable to profitable businesses with relatively steady growth histories and forecasts, regular capital expenditure requirements and non-finite lives.

The FME used in the valuation can be based on net profit after tax or alternatives to this such as earnings before interest and tax ("EBIT") or earnings before interest, tax, depreciation and amortisation ("EBITDA"). The capitalisation rate or "earnings multiple" is adjusted to reflect which base is being used for FME.

4 *Discounted future cash flows ("DCF")*

The DCF methodology is based on the generally accepted theory that the value of an asset or business depends on its future net cash flows, discounted to their present value at an appropriate discount rate (often called the weighted average cost of capital). This discount rate represents an opportunity cost of capital reflecting the expected rate of return which investors can obtain from investments having equivalent risks.

Considerable judgement is required to estimate the future cash flows which must be able to be reliably estimated for a sufficiently long period to make this valuation methodology appropriate.

A terminal value for the asset or business is calculated at the end of the future cash flow period and this is also discounted to its present value using the appropriate discount rate.

DCF valuations are particularly applicable to businesses with limited lives, experiencing growth, that are in a start up phase, or experience irregular cash flows.

5 *Market Based Assessment*

The market based approach seeks to arrive at a value for a business by reference to comparable transactions involving the sale of similar businesses. This is based on the premise that companies with similar characteristics, such as operating in similar industries, command similar values. In performing this analysis, it is important to acknowledge the differences between the comparable companies being analysed and the company that is being valued and then to reflect these differences in the valuation.

Appendix 3 – QMP of Bentley

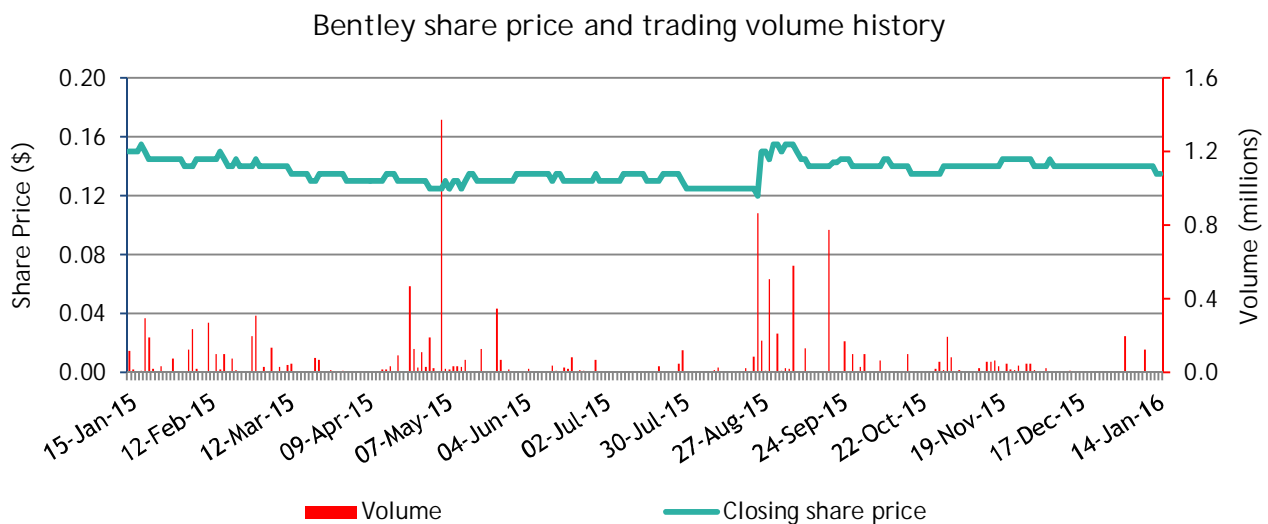
Quoted Market Prices for Bentley Securities

To provide a comparison to the net asset valuation of Bentley set out below, we have also assessed the quoted market price for a Bentley share.

The quoted market value of a company's shares is reflective of a minority interest. A minority interest is an interest in a company that is not significant enough for the holder to have an individual influence in the operations and value of that company.

Minority interest value

Our analysis of the quoted market price of a Bentley share is based on the recent pricing. The following chart provides a summary of the share price movement over the 12 months to 15 January 2016, which was the last trading day prior to the date of this Report.



Source: Bloomberg

The daily price of Bentley shares from 15 January 2015 to 15 January 2016 has ranged from a low of \$0.120 on 25 August 2015 to a high of \$0.155 on 19 January 2015. The highest single day of trading was on 6 May 2015, in which 1,372,492 shares were traded.

During this period, a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
14/12/2015	CBG Fund Details November 2015	0.140	▶ 0.0%	0.140	▶ 0.0%
14/12/2015	NTA Backing as at 30 November 2015	0.140	▶ 0.0%	0.140	▶ 0.0%
13/11/2015	CBG Fund Details October 2015	0.140	▶ 0.0%	0.140	▶ 0.0%
13/11/2015	NTA Backing as at 31 October 2015	0.140	▶ 0.0%	0.140	▶ 0.0%
28/10/2015	CBG Fund September 2015 Quarterly Report	0.135	▶ 0.0%	0.140	▲ 3.7%
28/10/2015	CBG Fund Details September 2015	0.135	▶ 0.0%	0.140	▲ 3.7%
27/10/2015	2015 Annual Report	0.135	▶ 0.0%	0.140	▲ 3.7%
13/10/2015	NTA Backing as at 30 September 2015	0.140	▶ 0.0%	0.140	▶ 0.0%
25/09/2015	Appendix 3B Application Quotation of 278,226 DRP Shares	0.145	▶ 0.0%	0.140	▼ 3.4%
14/09/2015	CBG Fund Details August 2015	0.140	▶ 0%	0.140	▶ 0%
07/09/2015	NTA Backing as at 31 August 2015	0.155	▶ 0%	0.145	▼ 6%
03/09/2015	SRK: Bentley Takeover Offer Now Closed	0.155	▲ 3%	0.150	▼ 3%
01/09/2015	Declaration of Dividend	0.155	▶ 0%	0.155	▶ 0%
01/09/2015	Dividend/Distribution - BEL	0.155	▶ 0%	0.155	▶ 0%
01/09/2015	30 June 2015 Full Year Report	0.155	▶ 0%	0.155	▶ 0%
26/08/2015	SRK Takeover Bid - Status of Defeating Conditions	0.150	▲ 25%	0.155	▲ 3%
26/08/2015	Sale of Shares in Molopo Energy	0.150	▲ 25%	0.155	▲ 3%
26/08/2015	SRK Takeover Bid Free of Certain Defeating Conditions	0.150	▲ 25%	0.155	▲ 3%
14/08/2015	CBG Fund Details July 2015	0.125	▶ 0%	0.125	▶ 0%
14/08/2015	NTA Backing as at 30 July 2015	0.125	▶ 0%	0.125	▶ 0%
14/08/2015	SRK: Target's Statement	0.125	▶ 0%	0.125	▶ 0%
29/07/2015	CBG Fund June 2015 Quarterly Report	0.130	▼ 4%	0.125	▼ 4%
15/07/2015	CBG Fund Details June 2015	0.135	▶ 0%	0.130	▼ 4%
13/07/2015	NTA Backing as at 30 June 2015	0.135	▶ 0%	0.130	▼ 4%
30/06/2015	Cash Takeover Bid for Strike Resources at 5.5cents per Share	0.130	▼ 4%	0.130	▶ 0%
12/06/2015	CBG Fund Details May 2015	0.130	▼ 4%	0.130	▶ 0%
12/06/2015	NTA Backing as at 31 May 2015	0.130	▼ 4%	0.130	▶ 0%
14/05/2015	CBG Fund Details April 2015	0.135	▲ 4%	0.130	▼ 4%
14/05/2015	NTA Backing as at 30 April 2015	0.135	▲ 4%	0.130	▼ 4%
08/05/2015	CBG Fund March 2015 Quarterly Report	0.130	▲ 4%	0.130	▶ 0%

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
22/04/2015	CBG Fund Details March 2015	0.130	▶	0%	0.130	▶	0%
14/04/2015	NTA Backing as at 31 March 2015	0.130	▶	0%	0.135	▲	4%
27/03/2015	Appendix 3B Application Quotation of 367,064 DRP Shares	0.135	▶	0%	0.130	▼	4%
16/03/2015	CBG Fund Details February 2015	0.135	▶	0%	0.130	▼	4%
16/03/2015	Issue Price under Dividend Reinvestment Plan	0.135	▶	0%	0.130	▼	4%
12/03/2015	NTA Backing as at 28 February 2015	0.135	▼	4%	0.135	▶	0%
27/02/2015	December 2014 Half Year Report	0.145	▲	4%	0.140	▼	3%
13/02/2015	CBG Fund Details January 2015	0.145	▶	0%	0.140	▼	3%
13/02/2015	NTA Backing as at 31 January 2015	0.145	▶	0%	0.140	▼	3%
22/01/2015	CBG Fund December 2014 Quarterly Report	0.145	▶	0%	0.145	▶	0%
15/01/2015	CBG Fund Details December 2014	0.150	▶	0%	0.150	▶	0%

On 30 June 2015, Bentley announced its intention to make a conditional offer for all the fully paid ordinary shares in Strike for cash consideration of \$0.055 per share. On the day of the announcement, Bentley's share price fell by 4% to \$0.130, however remained unchanged in the three days subsequent.

On 26 August 2015, Bentley announced that it had freed its off-market takeover offer for Strike from all defeating conditions, other than the condition that no prescribed occurrence occurs before the end of the offer period. On the same day, Bentley also advised that it has completed the sale of the whole of its shareholding in Molopo Energy Limited realising a gross profit of \$3.56 million. On the day of the announcements, Bentley's share price increased by 25% to \$0.150 and continued to increase by 3% in the three days subsequent.

To provide further analysis of the market prices for a Bentley share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 15 January 2016.

	15-Jan-16	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.135				
Weighted Average		\$0.141	\$0.141	\$0.141	\$0.142

Source: Bloomberg, BDO analysis

An analysis of the volume of trading in Bentley shares for the twelve months to 15 January 2016 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.135	\$0.135	-	0.00%
10 Days	\$0.135	\$0.145	328,387	0.44%
30 Days	\$0.135	\$0.145	369,258	0.49%
60 Days	\$0.135	\$0.145	1,230,586	1.64%
90 Days	\$0.135	\$0.145	2,724,188	3.63%
180 Days	\$0.120	\$0.170	6,586,094	8.77%
1 Year	\$0.120	\$0.170	11,854,491	15.79%

Source: Bloomberg, BDO analysis

This table indicates that Bentley's shares display a low level of liquidity, with approximately 15.79% of the Bentley's current issued capital being traded in a twelve month period. For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

- Regular trading in a company's securities;
- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria for the market to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

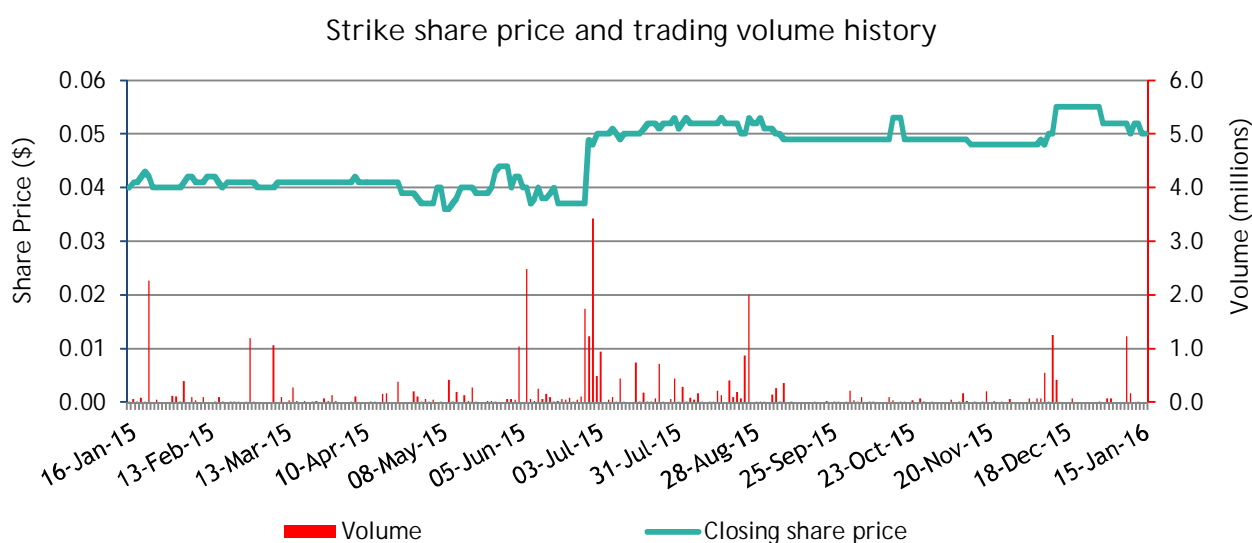
In the case of Bentley, we do not consider there to be a deep market for the company's shares as there is only 15.79% of the company's issued capital traded in a twelve month period.

Our assessment is that a range of values for Bentley shares based on market pricing is between \$0.135 and \$0.140 per share with a rounded midpoint value of \$0.138.

Appendix 4 – QMP of Strike

Bentley also holds 52,553,493 shares in Strike, representing a 36.16% direct interest in Strike. We have also considered the value of these shares using the QMP methodology as at 15 January 2016.

The following chart provides a summary of the share price movement over the twelve months to 15 January 2016, which was the last trading day prior to the date of this Report.



Source: Bloomberg

The daily price of Strike shares from 15 January 2015 to 15 January 2016 ranged from a low of \$0.036 on 8 May 2015 to a high \$0.055 on 15 December 2015. The highest single day of trading was on 2 July 2015, in which 3,435,485 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
30/10/2015	Quarterly Activities and Cashflow Report Sept 2015	0.049	▶ 0.0%	0.049	▶ 0.0%
29/10/2015	2015 Notice of AGM Explanatory Statement and Proxy Form	0.049	▶ 0.0%	0.049	▶ 0.0%
28/10/2015	2015 Annual Report	0.049	▶ 0.0%	0.049	▶ 0.0%
02/10/2015	Board and Corporate Changes	0.049	▶ 0.0%	0.049	▶ 0.0%
25/09/2015	Full Year Statutory Accounts	0.049	▶ 0.0%	0.049	▶ 0.0%
15/09/2015	Updated Securities and Shareholders Information	0.049	▶ 0.0%	0.049	▶ 0.0%
04/09/2015	BEL: SRK Offer Period Closed - Offers Now	0.050	▼ 2.0%	0.049	▼ 2.0%

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
	Unconditional				
03/09/2015	Bentley Takeover Offer Now Closed	0.051	▶ 0.0%	0.049	▼ 3.9%
27/08/2015	BEL Offer Free from defeating conditions-Update Shareholders	0.052	▼ 1.9%	0.051	▼ 1.9%
26/08/2015	BEL: REPLACEMENT SRK Bid Status of Defeating Conditions	0.053	▲ 6.0%	0.053	▶ 0.0%
26/08/2015	BEL: SRK Takeover Bid - Status of Defeating Conditions	0.053	▲ 6.0%	0.053	▶ 0.0%
26/08/2015	BEL: SRK Takeover Bid Free of Certain Defeating Conditions	0.053	▲ 6%	0.053	▶ 0%
14/08/2015	Target's Statement	0.052	▶ 0%	0.052	▶ 0%
31/07/2015	Quarterly Activities and Cashflow Reports	0.051	▼ 4%	0.052	▲ 2%
02/07/2015	Takeover Response Committee established & S.Tough to resign	0.050	▲ 4%	0.050	▶ 0%
30/06/2015	Take No Action - Unsolicited Takeover Offer from BEL	0.049	▲ 32%	0.050	▲ 2%
30/06/2015	BEL: Cash Takeover Bid for Strike Res at 5.5cents per Share	0.049	▲ 32%	0.050	▲ 2%
30/04/2015	Quarterly Activities and Cashflow Reports	0.037	▼ 3%	0.037	▶ 0%
08/04/2015	Withholding Tax Claim Ruled in Favour of Strike	0.041	▼ 2%	0.041	▶ 0%
13/03/2015	Half Yearly Report and Accounts	0.041	▶ 0%	0.041	▶ 0%
30/01/2015	Quarterly Activities and Cashflow Reports	0.040	▶ 0%	0.041	▲ 3%

On 30 June 2015, Strike advised that Bentley intend to make a conditional off-market bid for all of the fully paid shares in Strike for a cash consideration of \$0.055 per share. On the day of the announcement, Strike's share price increased by 32% to \$0.049 and continued to increase by 2% to \$0.050 in the three days subsequent.

On 26 August 2015, Strike advised that Bentley freed its off-market takeover offer for Strike from all defeating conditions, other than the condition that no prescribed occurrence occurs before the end of the offer period. On the day of the announcement, Strike's share price increased by 6.0% to \$0.053, however remained unchanged in the three days subsequent.

To provide further analysis of the market prices for a Strike share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 15 January 2016.

	15-Jan-16	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.050				
Weighted Average		\$0.051	\$0.052	\$0.051	\$0.051

Source: Bloomberg & BDO analysis

An analysis of the volume of trading in Strike shares for the twelve months to 15 January 2016 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.050	\$0.050	-	0.00%
10 Days	\$0.048	\$0.052	1,572,863	1.08%
30 Days	\$0.048	\$0.055	4,134,048	2.84%
60 Days	\$0.047	\$0.055	4,858,828	3.34%
90 Days	\$0.047	\$0.055	5,475,570	3.77%
180 Days	\$0.035	\$0.055	27,690,460	19.05%
1 Year	\$0.035	\$0.055	35,637,597	24.52%

Source: Bloomberg, BDO analysis

This table indicates that Strike's shares display a moderate level of liquidity, with approximately 24.52% of the Strike's current issued capital being traded in a twelve-month period. We note that Bentley holds a 36.16% interest in Strike and as such, we consider it appropriate to apply a control premium to Strike's quoted market share price. Based on our analysis in section 9.3 of our Report, we believe an appropriate control premium to apply in our assessment of Strike's quoted market share price is between 25% and 35%.

Applying a control premium to Strike's quoted market share price results in the following quoted market price value including a premium for control:

	Low \$	Midpoint \$	High \$
Quoted market price value	0.050	0.052	0.054
Control premium	25%	30%	35%
Quoted market price valuation including a premium for control	0.063	0.068	0.073

For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

Regular trading in a company's securities;

- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria for the market to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

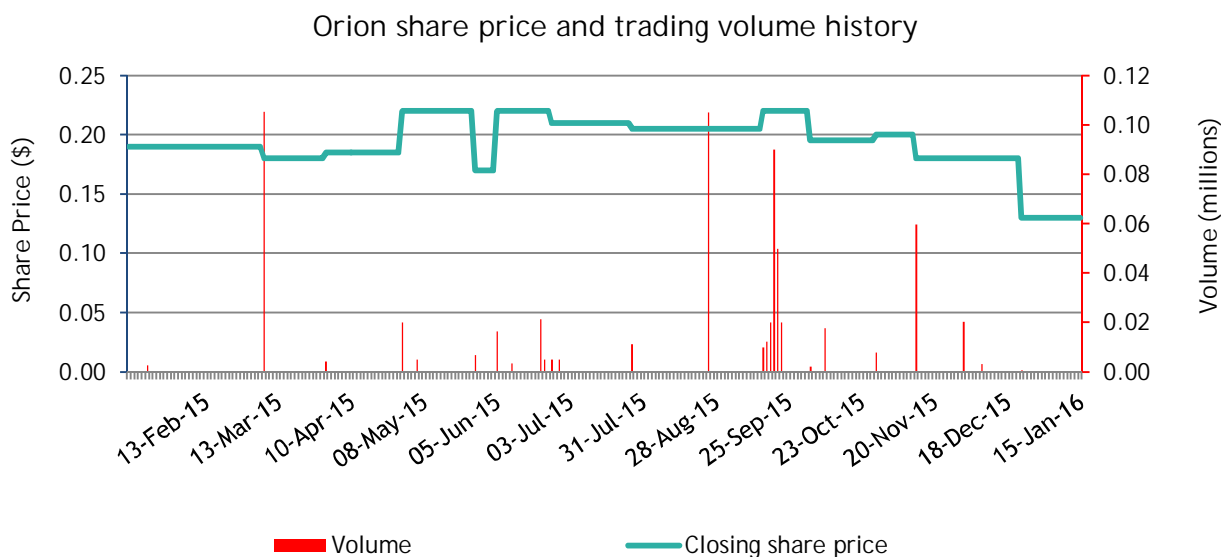
In the case of Strike, we consider there to be a deep market for the Strike shares as 24.52% of the Strike's issued capital traded in a twelve month period. This is supported by the market's responsiveness to the announcements made over this period.

Our assessment is that a range of values for Strike shares including a premium for control based on market pricing is between \$0.063 and \$0.073 with a midpoint value of \$0.068.

Appendix 5 – QMP of Orion

At the date of our Report, the Company holds 9,367,653 shares in Orion, representing a 59.86% direct interest in Orion. We have also considered the value of these shares using the QMP methodology as at 15 January 2016.

The following chart provides a summary of the share price movement over the twelve months to 15 January 2016, which was the last trading day prior to the date of this Report.



Source: Bloomberg

The daily price of Orion shares from 15 January 2015 to 15 January 2016 ranged from a low of \$0.13 on 24 December 2015 to a high \$0.22 on 30 April 2015. The highest single day of trading was on 9 March 2015, in which 105,488 shares were traded.

During this period a number of announcements were made to the market. The key announcements are set out below:

Date	Announcement	Closing Share Price Following Announcement		Closing Share Price Three Days After Announcement	
		\$ (movement)		\$ (movement)	
14/10/2015	Corporate Governance Statement - 2015	0.195	▶ 0.0%	0.195	▶ 0.0%
14/10/2015	Annual Report - 2015	0.195	▶ 0.0%	0.195	▶ 0.0%
24/09/2015	Daily Share Buy-Back Notice	0.220	▶ 0.0%	0.220	▶ 0.0%
23/09/2015	Daily Share Buy-Back Notice	0.220	▶ 0.0%	0.220	▶ 0.0%
22/09/2015	Daily Share Buy-Back Notice	0.220	▶ 0.0%	0.220	▶ 0.0%
21/09/2015	Daily Share Buy-Back Notice	0.220	▶ 0.0%	0.220	▶ 0.0%

Date	Announcement	Closing Share Price Following Announcement			Closing Share Price Three Days After Announcement		
		\$ (movement)			\$ (movement)		
18/09/2015	Daily Share Buy-Back Notice	0.220	▶	0.0%	0.220	▶	0.0%
17/09/2015	Daily Share Buy-Back Notice	0.220	▶	0.0%	0.220	▶	0.0%
02/09/2015	Ceasing to be a substantial holder for MPO	0.205	▶	0.0%	0.205	▶	0.0%
01/09/2015	30 June 2015 Full Year Report	0.205	▶	0.0%	0.205	▶	0.0%
29/07/2015	Daily Share Buy-Back Notice	0.205	▶	0.0%	0.205	▶	0.0%
01/07/2015	Daily Share Buy-Back Notice	0.210	▶	0%	0.210	▶	0%
30/06/2015	BEL: Cash Takeover Bid for Strike Res at 5.5cents per Share	0.210	▶	0%	0.210	▶	0%
29/06/2015	Daily Share Buy-Back Notice	0.210	▶	0%	0.210	▶	0%
25/06/2015	Daily Share Buy-Back Notice	0.220	▶	0%	0.210	▼	5%
24/06/2015	Daily Share Buy-Back Notice	0.220	▶	0%	0.210	▼	5%
05/06/2015	Appendix 3C - Announcement of Buy-Back	0.220	▲	29%	0.220	▶	0%
02/03/2015	December 2014 Half Year Report	0.190	▶	0%	0.190	▶	0%

On 5 June 2015, Orion announced an on-market buy-back of up to 1,400,000 fully paid ordinary shares. On the day of the announcement, Orion's share price increased by 29% to \$0.220, however remained unchanged in the following three days.

The above analysis of the market's reaction to the Orion's announcements over the twelve months prior to the date of this report highlights the low level of liquidity of the Company's shares.

To provide further analysis of the market prices for a Orion share, we have also considered the weighted average market price for 10, 30, 60 and 90 day periods to 15 January 2016.

	15-Jan-16	10 Days	30 Days	60 Days	90 Days
Closing Price	\$0.130				
Weighted Average		\$0.130	\$0.172	\$0.186	\$0.208

Source: Bloomberg & BDO analysis

An analysis of the volume of trading in Orion shares for the twelve months to 15 January 2016 is set out below:

Trading days	Share price low	Share price high	Cumulative volume traded	As a % of Issued capital
1 Day	\$0.130	\$0.130	-	0.00%
10 Days	\$0.130	\$0.130	-	0.00%
30 Days	\$0.130	\$0.180	3,800	0.02%
60 Days	\$0.130	\$0.200	91,949	0.52%
90 Days	\$0.130	\$0.220	314,223	1.76%
180 Days	\$0.130	\$0.220	494,023	2.77%
1 Year	\$0.130	\$0.220	631,841	3.55%

Source: Bloomberg, BDO analysis

This table indicates that Orion's shares display a low level of liquidity, with approximately 3.55% of the Orion's current issued capital being traded in a twelve-month period. We note that Queste holds a 59.86% interest in Orion and as such, we consider it appropriate to apply a control premium to Orion's quoted market share price. Based on our analysis in section 9.3 of our Report, we believe an appropriate control premium to apply in our assessment of Orion's quoted market share price is between 25% and 35%.

Applying a control premium to Orion's quoted market share price results in the following quoted market price value including a premium for control:

	Low \$	Midpoint \$	High \$
Quoted market price value	0.130	0.150	0.170
Control premium	25%	30%	35%
Quoted market price valuation including a premium for control	\$0.160	\$0.195	\$0.230

For the quoted market price methodology to be reliable there needs to be a 'deep' market in the shares. RG 111.69 indicates that a 'deep' market should reflect a liquid and active market. We consider the following characteristics to be representative of a deep market:

Regular trading in a company's securities;

- Approximately 1% of a company's securities are traded on a weekly basis;
- The spread of a company's shares must not be so great that a single minority trade can significantly affect the market capitalisation of a company; and
- There are no significant but unexplained movements in share price.

A company's shares should meet all of the above criteria for the market to be considered 'deep', however, failure of a company's securities to exhibit all of the above characteristics does not necessarily mean that the value of its shares cannot be considered relevant.

In the case of Orion, we do not consider there to be a deep market for the Orion's shares as only 3.55% of the Orion's issued capital traded in a twelve month period. This is supported by the market's unresponsiveness to the announcements made over this period.

Our assessment is that a range of values for Orion shares including a premium for control based on market pricing, is between \$0.16 and \$0.23 with a midpoint value of \$0.195.

Appendix 6 – Option Valuation

20,000,000 partly paid shares were issued in 1998 at \$0.20 each and have been partly paid to \$0.015225. Subsequent to their issue, the following changes have occurred to the partly paid shares on issue:

- On 21 January 2014, Queste bought-back 10,000,000 party shares (for 0.5 cent per share or \$50,000 in total) pursuant to an equal access scheme share buy-back (approved by Queste shareholders at the AGM held on 28 November 2013);
- On 27 June 2014, there was a conversion of 1,000,000 partly paid shares into fully paid shares upon payment of a call made by Queste in relation to 100% of the outstanding balance (being \$0.184775 each or \$184,775 in total) due and payable in respect of these 1,000,000 partly paid shares.
- On 3 December 2015, there was a conversion of 900,000 partly paid shares into fully paid shares upon payment of a call made by Queste in relation to 100% of the outstanding balance (being \$0.184775 each or \$166,298 in total) due and payable in respect of these 900,000 partly paid shares.

Based on the terms of these partly paid shares the holder shall have a fraction of a vote for each partly paid share being equivalent to the proportion of the amount actually paid.

Additional key terms include:

- No more than two calls will be made upon such shares in any one financial year; and
- No call may be made for more than 10% of the then outstanding amount payable.

Based on the above terms we have valued the option in delaying consideration of amounts payable on partly paid shares as at 15 January 2016 and have been done so under the following assumptions:

Valuation Methodology

We have used the Black-Scholes option pricing model to calculate the values of the Queste partly paid option.

Under option valuation theory, no discount is made to the fundamental value derived from the option valuation model for unlisted options over listed shares. Option pricing models assume that the exercise of an option does not affect the value of the underlying asset.

Exercise Price of the Options

The exercise price has been calculated by determining the unpaid portion of a partly paid share as at the date of our Report. At the date of our Report, Queste have 8,100,000 partly paid ordinary shares, each paid to \$0.015225 with \$0.184775 per partly paid share outstanding.

Current Price of the Underlying Shares

The underlying spot price is based on the last traded share price being \$0.07 as at 15 January 2016.

Life of the Options

When calculating the life of the options we assumed the following:

- The Company would call the maximum portion of the unpaid amount on each share that may be called the maximum number of times each period. Based on this the partly paid share holder would have to pay 10% of the unpaid balance twice per annum until the share was fully paid.
- Based on this assumption the unpaid value becomes clearly insignificant after approximately 20 years.

Therefore 20 years has been used as the effective life.

Expected Volatility of the Share Price

Expected volatility is a measure of the amount by which a price is expected to fluctuate during a period. The measure of volatility used in option pricing models is the annualised standard deviation of the continuously compounded rates of return on the share over a period of time.

Many techniques can be applied in determining volatility, with a summary of the methods we use below:

- The square root of the mean of the standard deviations of closing prices from a sample. This can be calculated using a combination of the opening, high, low, and closing share prices each day the underlying security trades for all days in the sample time period chosen;
- The exponential weighted moving average model adopts the closing share price of the Company in a given time period. The model estimates a smoothing constant using the maximum likelihood method, which estimates volatility assuming that volatility is not a constant measure and is predicted to change in the future; and
- The generalised autoregressive conditional heteroscedasticity model. This model takes into account periods of time where volatility may be higher than normal and/or lower than normal, as well as the tendency for the volatility to run at its long run average level after such periods of abnormality. The model will calculate the rate at which this is likely to occur from the sample of prices, thereby enabling estimates of future volatility by time to be made.

The recent volatility of the share price of Queste was calculated by Hoadley's volatility calculator for the 1,2,3,4 and 5 year periods, using data extracted from Bloomberg. For the purpose of our valuation, we used a future estimated volatility level of 50% for Queste in our pricing model.

Risk-Free Rate of Interest

We have used the Australian Government 10-year bond rate of 2.70% as at 15 January 2016.

Conclusion

Based on the above assumptions we have determined that the partly paid shareholder's ability to delay payment has an option value of approximately \$0.046 per share.

TIME AND PLACE OF GENERAL MEETING AND HOW TO VOTE

Venue

A General Meeting of the shareholders of Queste Communications Ltd will be held in:

Queste Communications Ltd Level 2 23 Ventnor Avenue West Perth, Western Australia	commencing	4:00 pm (Perth time) Thursday, 17 March 2016
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Voting Rights

- At any meeting of the shareholders, each shareholder entitled to vote may vote in person or by proxy or by power of attorney or, in the case of a shareholder which is a corporation, by representative.
- Every person who is present in the capacity of shareholder or the representative of a corporate shareholder shall, on a show of hands, have one vote.
- Every shareholder who is present in person, by proxy, by power of attorney or by corporate representative shall, on a poll, have one vote in respect of every fully paid share held by him.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above.

Voting by Proxy

To vote by proxy, please complete and sign the Proxy Form enclosed with this Notice of General Meeting as soon as possible and either send the proxy:

- by Facsimile to (08) 9214 9701; or
- by Mail to Queste Communications Ltd, Level 2, 23 Ventnor Avenue; West Perth WA 6005, or
- by Hand Delivery to Queste Communications Ltd at Level 2, 23 Ventnor Avenue; West Perth, Western Australia,

so that it is received not later than 4:00 pm (Perth time) on Tuesday, 15 March 2016.

Proxies received after that time will not be effective.

Bodies Corporate

A body corporate may appoint an individual as its authorised corporate representative to exercise any of the powers the body may exercise at meetings of a company's shareholders. A properly executed original (or certified copy) of an appropriate "Appointment of Corporate Representative" should be produced for admission to the meeting. Previously lodged Appointments of Corporate Representative will be disregarded by the Company.

Voting by Attorney

A shareholder may appoint an attorney to vote on his or her behalf. For an appointment to be effective for the General Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed above for the receipt of proxy appointments at least 48 hours before the General Meeting. Previously lodged Powers of Attorney will be disregarded by the Company.

Voting Entitlement

In accordance with section 1074E(2)(g)(i) of the Corporations Act and regulation 7.11.37 of the Corporations Regulations, the Company has determined that for the purposes of the General Meeting all shares in the Company will be taken to be held by the persons who held them as registered shareholders at 5:00 pm (Perth time) on Tuesday, 15 March 2016 (**Voting Entitlement Time**). Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

PROXY FORM

General Meeting

Queste Communications Ltd
A.B.N. 58 081 688 164

www.queste.com.au

LODGE YOUR VOTE – PLEASE RETURN FORM

By Mail: Queste Communications Ltd
Level 2, 23 Ventnor Avenue
West Perth WA 6005

By Facsimile: (08) 9214 9701

ENQUIRIES: (08) 9214 9777 or cosec@queste.com.au

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Our Reference: QUE / { }

Holder ID: { }

Shareholding as at 9 February 2016: { }

Current Election to Receive Annual Reports: { }

Current Election to Receive Notices of Meeting: { }

A. Appointment of Proxy

I/We being a shareholder/s of Queste Communications Ltd and entitled to attend and vote hereby appoint

The Chair of the Meeting **OR**

Write here the name of the person you are appointing if this person is **someone other than** the Chair of the Meeting.

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Queste Communications Ltd to be held at **4:00 pm (Perth time) on Thursday, 17 March 2016** at **Queste Communications Ltd, Level 2, 23 Ventnor Avenue, West Perth, Western Australia**, and at any adjournment of such General Meeting.

IMPORTANT:

The Company encourages shareholders to indicate their voting direction FOR or AGAINST, or to ABSTAIN, against the resolution in Section B.

If you leave Section A blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy by default.

If you have appointed the Chair of the Meeting as your proxy (or the Chair of the Meeting becomes your proxy by default), you can direct the Chair of the Meeting to vote FOR or AGAINST, or to ABSTAIN from voting on the resolution by marking the appropriate Voting Direction box in Section B below. However, note that under Section A, if the Chair of the Meeting is your proxy and you do not mark any of the Voting Direction boxes in Section B below, you are, in effect, directing the Chair to vote "For" Resolution 1 as the Chair of the Meeting intends to vote undirected proxies in favour of Resolution 1.

If you mark the ABSTAIN box for a particular resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll on that resolution.

B. Voting directions to your proxy – please mark X to indicate your directions

RESOLUTION

For

Against

Abstain*

1. Approve Equal Access, Off-Market Share Buy-Back

..

..

..

If two proxies are being appointed, the proportion of voting rights this proxy represents is: _____ %

* If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

C. Change of Address and Receipt of Annual Report/Notice of Meeting Elections

..

Mark X if you want to make any changes to your address details (see Note 1 overleaf)

..

Mark X if you wish to receive our printed Annual Reports by post (see Note 2 overleaf)

..

Mark X if you wish to receive our Annual Reports electronically by email and specify your email address below

..

Mark X if you wish to receive our Notices of Meeting electronically by email and specify your email address below

D. Please Sign Here

This section *must* be signed in accordance with the instructions overleaf to enable your directions to be implemented

Individual Shareholder
/ Joint Shareholder 1

Joint Shareholder 2

Joint Shareholder 3

Sole Director and Sole Company Secretary
or Power of Attorney or Executor

Director

Director / Company Secretary

(Companies: Please sign in the appropriate place to indicate the office held)

Contact Name

Contact Daytime Telephone

Date

Email Address

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. Change of Address

Your pre-printed name and address is as it appears on the Share Register of the Company. If this information is incorrect, please mark the box at **Section C** of the Proxy Form and make the correction at the top of the form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. Receipt of Annual Reports and Notices of Meeting Elections

Companies are no longer required to mail out printed annual reports to shareholders. Instead, shareholders can now make an election as follows:

- (a) make a written request for a hard copy annual report to be mailed to you; or
- (b) make a written request for an electronic copy of the annual report to be emailed to you.

Shareholders may also make an election to receive the Company's Notices of Meeting electronically by email.

Your current preferences/elections are printed on the top right hand side of the front page of the Proxy Form - if you wish to make or update an election in this regard, please complete **Section C** of the Proxy Form.

3. You may direct your proxy how to vote by marking one of the voting direction boxes opposite each Resolution. If you do not mark a voting direction box your proxy may, to the extent permitted by law, vote as they choose. If you mark more than one voting direction box on a Resolution your vote will be invalid on that Resolution.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid Proxy Form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.

5. A shareholder of the Company entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the shareholder's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes.

6. A proxy need not be a shareholder of the Company.

7. If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

8. If a representative of a shareholder that is a company is to attend the meeting, a properly executed original (or certified copy) of the appropriate 'Appointment of Corporate Representative' should be produced for admission to the meeting. Previously lodged Appointments of Corporate Representative will be disregarded by the Company.

9. **Signing Instructions:** You must sign this form as follows in the spaces provided at **Section D**:

Individual: Where the holding is in one name, the holder should sign.

Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.

Companies: This form must be signed in accordance with the Corporations Act, either as:

- (a) a Sole Director and Sole Company Secretary OR a Sole Director (if no Company Secretary exists);
- (b) two Directors; or
- (c) a Director or a Company Secretary.

Please also sign in the appropriate place to indicate the office held.

Power of Attorney: If you are signing under a Power of Attorney, you declare that you have had no notice of revocation of the Power or the death or liquidation of the donor of the Power. A certified copy of the Power of Attorney must accompany the form.

Deceased Estates: All Executors must sign and a certified copy of a Grant of Probate or Letters of Administration must accompany the form.

10. **Lodgement of a Proxy:** This Proxy Form (and the original or certified copy of any Power of Attorney under which it is signed) must be received at the address below not later than **4:00 pm (Perth time) on Tuesday, 15 March 2016** (48 hours before the commencement of the meeting). Any Proxy Form received after that time will not be valid for the meeting. **Proxy Forms may be lodged** by posting, delivery or facsimile to the address below:

BY POST

Queste Communications Ltd
Level 2
23 Ventnor Avenue
West Perth WA 6005

BY DELIVERY

Queste Communications Ltd
Level 2
23 Ventnor Avenue
West Perth, Western Australia

BY FACSIMILE:

(08) 9214 9701